# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

[✓] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2008
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

**Commission file number:**
1-6523

**Exact Name of Registrant as Specified in its Charter:**
Bank of America Corporation

**State or Other Jurisdiction of Incorporation or Organization:**
Delaware

**IRS Employer Identification Number:**
56-0906609

**Address of Principal Executive Offices:**
Bank of America Corporate Center
100 N. Tryon Street
Charlotte, North Carolina 28255

**Registrant's telephone number, including area code:**
(800) 299-2265

**Former name, former address and former fiscal year, if changed since last report:**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer ✓ | Accelerated filer | Non-accelerated filer (do not check if a smaller reporting company) | Smaller reporting company |

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes No ✓

On April 30, 2008, there were 4,452,783,993 shares of Bank of America Corporation Common Stock outstanding.

**Bank of America Corporation**

**March 31, 2008 Form 10-Q**

INDEX

**Part 1. Financial Information**
**Item 1. Financial Statements**

**Bank of America Corporation and Subsidiaries**
**Consolidated Statement of Income**

| (Dollars in millions, except per share information) | Three Months Ended March 31 2008 | 2007 |
|---|---|---|
| **Interest income** | | |
| Interest and fees on loans and leases | **$14,415** | $12,884 |
| Interest on debt securities | **2,774** | 2,380 |
| Federal funds sold and securities purchased under agreements to resell | **1,208** | 1,979 |
| Trading account assets | **2,364** | 2,273 |
| Other interest income | **1,098** | 1,044 |
| Total interest income | **21,859** | 20,560 |
| **Interest expense** | | |
| Deposits | **4,588** | 4,034 |
| Short-term borrowings | **4,142** | 5,318 |
| Trading account liabilities | **840** | 892 |
| Long-term debt | **2,298** | 2,048 |
| Total interest expense | **11,868** | 12,292 |
| **Net interest income** | **9,991** | 8,268 |
| **Noninterest income** | | |
| Card income | **3,639** | 3,333 |
| Service charges | **2,397** | 2,072 |
| Investment and brokerage services | **1,340** | 1,149 |
| Investment banking income | **476** | 638 |
| Equity investment income | **1,054** | 1,014 |
| Trading account profits (losses) | **(1,783)** | 872 |
| Mortgage banking income | **451** | 213 |
| Gains on sales of debt securities | **225** | 62 |
| Other income (loss) | **(787)** | 534 |
| Total noninterest income | **7,012** | 9,887 |
| **Total revenue, net of interest expense** | **17,003** | 18,155 |
| **Provision for credit losses** | **6,010** | 1,235 |
| **Noninterest expense** | | |
| Personnel | **4,726** | 5,025 |
| Occupancy | **849** | 713 |
| Equipment | **396** | 350 |
| Marketing | **637** | 555 |
| Professional fees | **285** | 229 |
| Amortization of intangibles | **446** | 389 |
| Data processing | **563** | 437 |
| Telecommunications | **260** | 251 |
| Other general operating | **863** | 1,037 |
| Merger and restructuring charges | **170** | 111 |
| Total noninterest expense | **9,195** | 9,097 |
| **Income before income taxes** | **1,798** | 7,823 |
| **Income tax expense** | **588** | 2,568 |
| **Net income** | **$1,210** | $5,255 |
| **Preferred stock dividends** | **190** | 46 |
| **Net income available to common shareholders** | **$1,020** | $5,209 |
| **Per common share information** | | |
| Earnings | **$0.23** | $1.18 |
| Diluted earnings | **0.23** | 1.16 |
| Dividends paid | **0.64** | 0.56 |
| **Average common shares issued and outstanding (in thousands)** | **4,427,823** | 4,432,664 |
| **Average diluted common shares issued and outstanding (in thousands)** | **4,461,201** | 4,497,028 |

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

**Bank of America Corporation and Subsidiaries**
**Consolidated Balance Sheet**

| (Dollars in millions) | March 31 2008 | December 31 2007 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$40,512** | $42,531 |
| Time deposits placed and other short-term investments | **8,807** | 11,773 |
| Federal funds sold and securities purchased under agreements to resell (includes **$2,661** and $2,578 measured at fair value, and **$119,846** and $128,887 pledged as collateral) | **120,289** | 129,552 |
| Trading account assets (includes **$89,934** and $88,745 pledged as collateral) | **165,693** | 162,064 |
| Derivative assets | **50,925** | 34,662 |
| Debt securities: | | |
| Available–for-sale (includes **$111,718** and $107,440 pledged as collateral) | **221,860** | 213,330 |
| Held-to-maturity, at cost (fair value -**$1,140** and $726) | **1,140** | 726 |
| Total debt securities | **223,000** | 214,056 |
| Loans and leases (includes **$5,057** and $4,590 measured at fair value and **$114,387** and $115,285 pledged as collateral) | **873,870** | 876,344 |
| Allowance for loan and lease losses | **(14,891)** | (11,588) |
| Loans and leases, net of allowance | **858,979** | 864,756 |
| Premises and equipment, net | **11,297** | 11,240 |
| Mortgage servicing rights (includes **$3,163** and $3,053 measured at fair value) | **3,470** | 3,347 |
| Goodwill | **77,872** | 77,530 |
| Intangible assets | **9,821** | 10,296 |
| Other assets (includes **$36,926** and $41,088 measured at fair value) | **165,837** | 153,939 |
| **Total assets** | **$1,736,502** | $1,715,746 |
| **Liabilities** | | |
| Deposits in domestic offices: | | |
| Noninterest-bearing | **$193,789** | $188,466 |
| Interest-bearing (includes **$2,005** and $2,000 measured at fair value) | **506,062** | 501,882 |
| Deposits in foreign offices: | | |
| Noninterest-bearing | **3,333** | 3,761 |
| Interest-bearing | **93,885** | 111,068 |
| Total deposits | **797,069** | 805,177 |
| Federal funds purchased and securities sold under agreements to repurchase | **219,738** | 221,435 |
| Trading account liabilities | **76,032** | 77,342 |
| Derivative liabilities | **29,170** | 22,423 |
| Commercial paper and other short-term borrowings | **190,856** | 191,089 |
| Accrued expenses and other liabilities (includes **$903** and $660 measured at fair value, and **$507** and $518 of reserve for unfunded lending commitments) | **64,528** | 53,969 |
| Long-term debt | **202,800** | 197,508 |
| **Total liabilities** | **1,580,193** | 1,568,943 |
| Commitments and contingencies (*Note 9 – Variable Interest Entities* and *Note 11 – Commitments and Contingencies*) | | |
| **Shareholders' equity** | | |
| Preferred stock, $0.01 par value; authorized – 100,000,000 shares; issued and outstanding – **7,325,067** and 185,067 shares | **17,306** | 4,409 |
| Common stock and additional paid-in capital, $0.01 par value; authorized – 7,500,000,000 shares; issued and outstanding – **4,452,810,412** and 4,437,885,419 shares | **61,080** | 60,328 |
| Retained earnings | **79,554** | 81,393 |
| Accumulated other comprehensive income (loss) | **(884)** | 1,129 |
| Other | **(747)** | (456) |
| **Total shareholders' equity** | **156,309** | 146,803 |
| **Total liabilities and shareholders' equity** | **$1,736,502** | $1,715,746 |

See accompanying Notes to Consolidated Financial Statements.

## Bank of America Corporation and Subsidiaries
### Consolidated Statement of Changes in Shareholders' Equity

| (Dollars in millions, shares in thousands) | Preferred Stock | Common Stock and Additional Paid-in Capital Shares | Common Stock and Additional Paid-in Capital Amount | Retained Earnings | Accumulated Other Comprehensive Income (Loss) (1) | Other | Total Shareholders' Equity | Comprehensive Income |
|---|---|---|---|---|---|---|---|---|
| **Balance, December 31, 2006** | $2,851 | 4,458,151 | $61,574 | $79,024 | $(7,711) | $(466) | $135,272 | |
| Cumulative adjustment for accounting changes (2): | | | | | | | | |
| Leveraged leases | | | | (1,381) | | | (1,381) | |
| Fair value option and measurement | | | | (208) | | | (208) | |
| Income tax uncertainties | | | | (146) | | | (146) | |
| Net income | | | | 5,255 | | | 5,255 | $5,255 |
| Net changes in available-for-sale debt and marketable equity securities | | | | | (108) | | (108) | (108) |
| Net changes in foreign currency translation adjustments | | | | | (12) | | (12) | (12) |
| Net changes in derivatives | | | | | 140 | | 140 | 140 |
| Employee benefit plan adjustments | | | | | 31 | | 31 | 31 |
| Cash dividends paid: | | | | | | | | |
| Common | | | | (2,502) | | | (2,502) | |
| Preferred | | | | (46) | | | (46) | |
| Common stock issued under employee plans and related tax benefits | | 28,919 | 1,468 | | | (401) | 1,067 | |
| Common stock repurchased | | (48,000) | (2,506) | | | | (2,506) | |
| **Balance, March 31, 2007** | $2,851 | 4,439,070 | $60,536 | $79,996 | $(7,660) | $(867) | $134,856 | $5,306 |
| **Balance, December 31, 2007** | **$4,409** | **4,437,885** | **$60,328** | **$81,393** | **$1,129** | **$(456)** | **$146,803** | |
| Net income | | | | **1,210** | | | **1,210** | **$1,210** |
| Net changes in available-for-sale debt and marketable equity securities | | | | | **(1,735)** | | **(1,735)** | **(1,735)** |
| Net changes in foreign currency translation adjustments | | | | | **20** | | **20** | **20** |
| Net changes in derivatives | | | | | **(316)** | | **(316)** | **(316)** |
| Employee benefit plan adjustments | | | | | **18** | | **18** | **18** |
| Cash dividends paid: | | | | | | | | |
| Common | | | | **(2,859)** | | | **(2,859)** | |
| Preferred | | | | **(190)** | | | **(190)** | |
| Issuance of preferred stock | **12,897** | | | | | | **12,897** | |
| Common stock issued under employee plans and related tax benefits | | **14,925** | **752** | | | **(291)** | **461** | |
| **Balance, March 31, 2008** | **$17,306** | **4,452,810** | **$61,080** | **$79,554** | **$(884)** | **$(747)** | **$156,309** | **$(803)** |

(1) Amounts shown are net-of-tax. For additional information on accumulated OCI, see *Note 12 – Shareholders' Equity and Earnings Per Common Share* to the Consolidated Financial Statements.

(2) Effective January 1, 2007, the Corporation adopted FSP 13-2, SFAS 157, SFAS 159 and FIN 48. For additional information on the adoption of these accounting pronouncements, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

**Bank of America Corporation and Subsidiaries**
**Consolidated Statement of Cash Flows**

| (Dollars in millions) | Three Months Ended March 31 2008 | 2007 |
|---|---|---|
| **Operating activities** | | |
| Net income | **$1,210** | $5,255 |
| Reconciliation of net income to net cash used in operating activities: | | |
| Provision for credit losses | **6,010** | 1,235 |
| Gains on sales of debt securities | **(225)** | (62) |
| Depreciation and premises improvements amortization | **328** | 275 |
| Amortization of intangibles | **446** | 389 |
| Deferred income tax (benefit) expense | **(1,041)** | 244 |
| Net increase in trading and derivative instruments | **(16,061)** | (8,356) |
| Net increase in other assets | **(13,350)** | (12,126) |
| Net increase (decrease) in accrued expenses and other liabilities | **12,606** | (6,740) |
| Other operating activities, net | **6,245** | 255 |
| Net cash used in operating activities | **(3,832)** | (19,631) |
| **Investing activities** | | |
| Net decrease in time deposits placed and other short-term investments | **2,966** | 1,927 |
| Net (increase) decrease in federal funds sold and securities purchased under agreements to resell | **9,263** | (3,348) |
| Proceeds from sales of available-for-sale debt securities | **26,477** | 4,173 |
| Proceeds from paydowns and maturities of available-for-sale debt securities | **5,194** | 5,157 |
| Purchases of available-for-sale debt securities | **(35,134)** | (2,934) |
| Proceeds from maturities of held-to-maturity debt securities | **46** | 24 |
| Purchases of held-to-maturity debt securities | **(460)** | - |
| Proceeds from sales of loans and leases | **16,245** | 17,527 |
| Other changes in loans and leases, net | **(21,443)** | (44,304) |
| Net purchases of premises and equipment | **(431)** | (358) |
| Proceeds from sales of foreclosed properties | **33** | 38 |
| (Acquisition) divestiture of business activities, net | **-** | (460) |
| Other investing activities, net | **(953)** | (2,040) |
| Net cash provided by (used in) investing activities | **1,803** | (24,598) |
| **Financing activities** | | |
| Net increase (decrease) in deposits | **(8,108)** | 4,471 |
| Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase | **(1,697)** | 16,985 |
| Net increase (decrease) in commercial paper and other short-term borrowings | **(233)** | 15,617 |
| Proceeds from issuance of long-term debt | **7,774** | 16,927 |
| Retirement of long-term debt | **(7,618)** | (10,050) |
| Proceeds from issuance of preferred stock | **12,897** | - |
| Proceeds from issuance of common stock | **46** | 323 |
| Common stock repurchased | **-** | (2,506) |
| Cash dividends paid | **(3,049)** | (2,548) |
| Excess tax benefits of share-based payments | **16** | 148 |
| Other financing activities, net | **(6)** | (10) |
| Net cash provided by financing activities | **22** | 39,357 |
| Effect of exchange rate changes on cash and cash equivalents | **(12)** | (8) |
| Net decrease in cash and cash equivalents | **(2,019)** | (4,880) |
| Cash and cash equivalents at January 1 | **42,531** | 36,429 |
| **Cash and cash equivalents at March 31** | **$40,512** | $31,549 |

During the three months ended March 31, 2007, the Corporation sold its operations in Chile and Uruguay for approximately $750 million in equity in Banco Itaú Holding Financeira S.A., and its assets in BankBoston Argentina for the assumption of its liabilities. The total assets and liabilities in these divestitures were $6.1 billion and $5.6 billion.

On January 1, 2007, the Corporation transferred $3.7 billion of AFS debt securities to trading account assets following the adoption of SFAS 159.

See accompanying Notes to Consolidated Financial Statements.

**Bank of America Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements**

On October 1, 2007, Bank of America Corporation and its subsidiaries (the Corporation) acquired all the outstanding shares of ABN AMRO North America Holding Company, parent of LaSalle Bank Corporation (LaSalle), for $21.0 billion in cash. On July 1, 2007, the Corporation acquired all the outstanding shares of U.S. Trust Corporation for $3.3 billion in cash. These mergers were accounted for under the purchase method of accounting. Consequently, LaSalle and U.S. Trust Corporation's results of operations were included in the Corporation's results from their dates of acquisition.

The Corporation, through its banking and nonbanking subsidiaries, provides a diverse range of financial services and products throughout the U.S. and in selected international markets. At March 31, 2008, the Corporation operated its banking activities primarily under three charters: Bank of America, National Association (Bank of America, N.A.), FIA Card Services, N.A. and LaSalle Bank, N.A.

## NOTE 1 – Summary of Significant Accounting Principles

### *Principles of Consolidation and Basis of Presentation*

The Consolidated Financial Statements include the accounts of the Corporation and its majority-owned subsidiaries, and those variable interest entities (VIEs) where the Corporation is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated. Results of operations of companies purchased are included from the dates of acquisition and for VIEs, from the dates that the Corporation became the primary beneficiary. Assets held in an agency or fiduciary capacity are not included in the Consolidated Financial Statements. The Corporation accounts for investments in companies for which it owns a voting interest of 20 percent to 50 percent and for which it has the ability to exercise significant influence over operating and financing decisions using the equity method of accounting. These investments are included in other assets and the Corporation's proportionate share of income or loss is included in equity investment income.

The information contained in the Consolidated Financial Statements is unaudited. In the opinion of management, normal recurring adjustments necessary for a fair statement of the interim period results have been made.

Certain prior period amounts have been reclassified to conform to current period presentation.

### *Recently Proposed and Issued Accounting Pronouncements*

In recent meetings, the Financial Accounting Standards Board (FASB) tentatively decided to amend Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125" (SFAS 140), impacting the accounting for qualifying special-purpose entities (QSPEs), and make certain changes to FASB Interpretation (FIN) No. 46 (revised December 2003) "Consolidation of Variable Interest Entities – an interpretation of ARB No. 51" (FIN 46R). An exposure draft of the proposed requirements is expected later this year. Based on the preliminary discussions and tentative decisions, and assuming no changes to the Corporation's current product offerings, it is possible that these changes may lead to the consolidation of certain QSPEs and VIEs, including corporation-sponsored multi-seller conduits. However, the impact on the Corporation cannot be determined until the FASB passes the final amendments to SFAS 140 and FIN 46R.

On March 19, 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB No. 133" (SFAS 161). SFAS 161 requires expanded qualitative, quantitative and credit-risk disclosures about derivatives and hedging activities and their effects on the Corporation's financial position, financial performance and cash flows. SFAS 161 also clarifies that derivatives are subject to credit risk disclosures as required by SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." SFAS 161 is effective for the Corporation's financial statements for the year beginning on January 1, 2009. The adoption of SFAS 161 will not impact the Corporation's financial condition and results of operations.

On January 1, 2008, the Corporation adopted the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) No. 109, "Written Loan Commitments Recorded at Fair Value Through Earnings" (SAB 109) for loan commitments measured at fair value through earnings which were issued or modified since adoption. SAB 109 requires that the expected net future cash flows related to servicing of a loan be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. The adoption of SAB 109 resulted in the recognition of $90 million in incremental mortgage banking income for the three months ended March 31, 2008.

On January 1, 2008, the Corporation adopted Emerging Issues Task Force (EITF) consensus on Issue No. 06–11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards" (EITF 06-11). EITF 06–11 requires on a prospective basis that the tax benefit related to dividend equivalents paid on restricted stock and restricted stock units which are expected to vest be recorded as an increase to additional paid-in capital. The adoption of EITF 06–11 did not have a material impact on the Corporation's financial condition and results of operations.

On December 4, 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" (SFAS 141R). SFAS 141R modifies the accounting for business combinations and requires, with limited exceptions, the acquirer in a business combination to recognize 100 percent of the assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition-date fair value. In addition, SFAS 141R requires the expensing of acquisition-related transaction and restructuring costs, and certain contingent assets and liabilities acquired, as well as contingent consideration, to be recognized at fair value. SFAS 141R also modifies the accounting for certain acquired income tax assets and liabilities. SFAS 141R is effective for new acquisitions consummated on or after January 1, 2009 and early adoption is not permitted.

On December 4, 2007, the FASB also issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 160 requires all entities to report noncontrolling (i.e., minority) interests in subsidiaries as equity in the Consolidated Financial Statements and to account for transactions between an entity and noncontrolling owners as equity transactions if the parent retains its controlling financial interest in the subsidiary. SFAS 160 also requires expanded disclosure that distinguishes between the interests of the controlling owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for the Corporation's financial statements for the year beginning on January 1, 2009 and earlier adoption is not permitted. The adoption of SFAS 160 is not expected to have a material impact on the Corporation's financial condition and results of operations.

## NOTE 2 – Merger and Restructuring Activity

On July 1, 2007, the Corporation acquired all the outstanding shares of U.S. Trust Corporation for $3.3 billion in cash. The Corporation allocated $1.7 billion to goodwill and $1.2 billion to intangible assets as part of the preliminary purchase price allocation. U.S. Trust Corporation's results of operations were included in the Corporation's results beginning July 1, 2007. The acquisition significantly increased the size and capabilities of the Corporation's wealth management business and positions it as one of the largest financial services companies managing private wealth in the U.S.

On October 1, 2007, the Corporation acquired all the outstanding shares of LaSalle, for $21.0 billion in cash. As part of the acquisition, ABN AMRO Bank N.V. (the seller) capitalized approximately $6.3 billion as equity of intercompany debt prior to the date of acquisition. With this acquisition, the Corporation significantly expanded its presence in metropolitan Chicago, Illinois and Michigan by adding LaSalle's commercial banking clients, retail customers and banking centers. LaSalle's results of operations were included in the Corporation's results beginning October 1, 2007.

The LaSalle acquisition was accounted for under the purchase method of accounting in accordance with SFAS No. 141, “Business Combinations” (SFAS 141). The preliminary purchase price has been allocated to the assets acquired and the liabilities assumed based on their fair values at the LaSalle acquisition date as summarized in the following table.

**LaSalle Preliminary Purchase Price Allocation**

| (Dollars in millions) | |
|---|---|
| **Purchase price** | **$21,015** |
| **Preliminary Allocation of the purchase price** | |
| LaSalle stockholders' equity | 12,495 |
| LaSalle goodwill and other intangible assets | (2,728) |
| Adjustments to reflect assets acquired and liabilities assumed at fair value: | |
| Loans and leases | (88) |
| Premises and equipment | (185) |
| Identified intangibles [(1)] | 1,029 |
| Other assets | (267) |
| Exit and termination liabilities | (426) |
| Other liabilities and deferred income taxes | (7) |
| Fair value of net assets acquired | 9,823 |
| **Preliminary goodwill resulting from the LaSalle merger[(2)]** | **$11,192** |

(1) Includes core deposit intangibles of $700 million, and other intangibles of $329 million. The amortization life for core deposit intangibles and other intangibles is 10 years. These intangibles are amortized on an accelerated basis.

(2) No goodwill is expected to be deductible for tax purposes. The goodwill has been allocated across all of the Corporation’s business segments.

### *Merger and Restructuring Charges*

Merger and restructuring charges are recorded in the Consolidated Statement of Income and include incremental costs to integrate the operations of the Corporation and those of acquired entities. These charges represent costs associated with these one-time activities and do not represent ongoing costs of the fully integrated combined organization. The following table presents severance and employee-related charges, systems integrations and related charges, and other merger-related charges for the three months ended March 31, 2008 and 2007.

| | **Three Months Ended March 31** | |
|---|---|---|
| (Dollars in millions) | **2008 [(1)]** | 2007 |
| Severance and employee-related charges | **$45** | $12 |
| Systems integrations and related charges | **90** | 79 |
| Other | **35** | 20 |
| **Total merger and restructuring charges** | **$170** | $111 |

(1) Included for the three months ended March 31, 2008 are merger-related charges of $129 million and $41 million related to the LaSalle and U.S. Trust Corporation mergers.

Table of Contents

***Merger-related Exit Cost and Restructuring Reserves***

The following table presents the changes in exit cost and restructuring reserves for the three months ended March 31, 2008 and 2007.

| | Exit Cost Reserves [1] | | Restructuring Reserves [2] | |
|---|---|---|---|---|
| (Dollars in millions) | **2008** | 2007 | **2008** | 2007 |
| **Balance, January 1** | **$377** | $125 | **$108** | $67 |
| Exit cost and restructuring charges: | | | | |
| LaSalle | **87** | - | **31** | - |
| U.S. Trust Corporation | **-** | - | **13** | - |
| MBNA | **-** | - | **-** | 11 |
| Cash payments | **(59)** | (26) | **(55)** | (33) |
| **Balance, March 31** | **$405** | $99 | **$97** | $45 |

(1) Exit cost reserves were established in purchase accounting resulting in an increase in goodwill.

(2) Restructuring reserves were established by a charge to merger and restructuring charges.

As of December 31, 2007, there were $377 million of exit cost reserves related to the MBNA Corporation (MBNA), U.S. Trust Corporation and LaSalle mergers, including $187 million for severance, relocation and other employee-related costs and $190 million for contract terminations. During the three months ended March 31, 2008, $87 million was added to the exit cost reserves related to the LaSalle merger which included $86 million in severance, relocation and other employee-related costs and $1 million in contract terminations. Cash payments of $59 million during the three months ended March 31, 2008 consisted of $58 million in severance, relocation and other employee-related costs and $1 million for contract terminations.

As of December 31, 2007, there were $108 million of restructuring reserves related to the MBNA, U.S. Trust Corporation and LaSalle mergers, including $104 million related to severance and other employee-related costs and $4 million related to contract terminations. During the three months ended March 31, 2008, $44 million was added to the restructuring reserves of which $13 million and $31 million related to severance and other employee-related costs associated with the U.S. Trust Corporation and LaSalle mergers. Cash payments of $55 million during the three months ended March 31, 2008 consisted of $53 million in severance and other employee-related costs and $2 million in contract terminations.

Payments under exit cost and restructuring reserves associated with the MBNA merger were substantially completed in 2007 while payments associated with the U.S. Trust Corporation and LaSalle mergers will continue into 2009.

## NOTE 3 – Trading Account Assets and Liabilities

The following table presents the fair values of the components of trading account assets and liabilities at March 31, 2008 and December 31, 2007.

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| **Trading account assets** | | |
| U.S. Government and agency securities [(1)] | **$60,284** | $48,240 |
| Corporate securities, trading loans, and other | **45,693** | 55,360 |
| Equity securities | **24,065** | 22,910 |
| Foreign sovereign debt | **20,156** | 17,161 |
| Mortgage trading loans and asset-backed securities | **15,495** | 18,393 |
| **Total trading account assets** | **$165,693** | $162,064 |
| **Trading account liabilities** | | |
| U.S. Government and agency securities | **$40,457** | $35,375 |
| Equity securities | **18,954** | 25,926 |
| Foreign sovereign debt | **10,793** | 9,292 |
| Corporate securities and other | **5,828** | 6,749 |
| **Total trading account liabilities** | **$76,032** | $77,342 |

(1) Includes $26.4 billion and $21.5 billion at March 31, 2008, and December 31, 2007 of government-sponsored enterprise obligations that are not backed by the full faith and credit of the U.S. Government.

## NOTE 4 – Derivatives

All derivatives are recognized on the Consolidated Balance Sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements that allow the Corporation to settle positive and negative positions and offset cash collateral held with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The Corporation designates at inception whether the derivative contract is considered hedging or non-hedging for SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) accounting purposes. Derivatives held for trading purposes are included in derivative assets or derivative liabilities with changes in fair value reflected in trading account profits (losses). Other derivatives that are used as economic hedges, but not designated in a hedging relationship for accounting purposes, are also included in derivative assets or derivative liabilities with changes in fair value recorded in mortgage banking income or other income (loss). A detailed discussion of derivative trading activities and asset and liability management (ALM) activities is presented in *Note 1 – Summary of Significant Accounting Principles* and *Note 4 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

The following table presents the contract/notional amounts and credit risk amounts at March 31, 2008 and December 31, 2007 of all the Corporation's derivative positions. These derivative positions are primarily executed in the over-the-counter market. The credit risk amounts take into consideration the effects of legally enforceable master netting agreements, and on an aggregate basis have been reduced by the cash collateral applied against derivative assets. At March 31, 2008 and December 31, 2007, the cash collateral applied against derivative assets on the Consolidated Balance Sheet was $20.3 billion and $12.8 billion. In addition, at March 31, 2008 and December 31, 2007, the cash collateral placed against derivative liabilities was $14.8 billion and $10.0 billion. The average fair value of derivative assets, less cash collateral, for the three months ended March 31, 2008 and December 31, 2007 was $43.8 billion and $33.9 billion. The average fair value of derivative liabilities, less cash collateral, for the three months ended March 31, 2008 and December 31, 2007 was $27.2 billion and $20.7 billion.

| (Dollars in millions) | March 31, 2008 Contract/ Notional (1) | March 31, 2008 Credit Risk | December 31, 2007 Contract/ Notional (1) | December 31, 2007 Credit Risk |
|---|---|---|---|---|
| **Interest rate contracts** | | | | |
| Swaps | **$25,261,266** | **$24,649** | $22,472,949 | $15,368 |
| Futures and forwards | **3,975,570** | **413** | 2,596,146 | 10 |
| Written options | **1,576,273** | **-** | 1,402,626 | - |
| Purchased options | **1,701,203** | **3,706** | 1,479,985 | 2,508 |
| **Foreign exchange contracts** | | | | |
| Swaps | **507,382** | **10,598** | 505,878 | 7,350 |
| Spot, futures and forwards | **1,791,479** | **8,121** | 1,600,683 | 4,124 |
| Written options | **336,852** | **-** | 341,148 | - |
| Purchased options | **313,036** | **1,416** | 339,101 | 1,033 |
| **Equity contracts** | | | | |
| Swaps | **42,814** | **1,700** | 56,300 | 2,026 |
| Futures and forwards | **18,825** | **45** | 12,174 | 10 |
| Written options | **224,102** | **-** | 166,736 | - |
| Purchased options | **242,290** | **6,591** | 195,240 | 6,337 |
| **Commodity contracts** | | | | |
| Swaps | **8,977** | **1,275** | 13,627 | 770 |
| Futures and forwards | **12,523** | **72** | 14,391 | 12 |
| Written options | **16,823** | **-** | 14,206 | - |
| Purchased options | **13,645** | **550** | 13,093 | 372 |
| **Credit derivatives** | **3,086,298** | **12,101** | 3,046,381 | 7,493 |
| Credit risk before cash collateral | | **71,237** | | 47,413 |
| Less: Cash collateral applied | | **20,312** | | 12,751 |
| **Total derivative assets** | | **$50,925** | | $34,662 |

(1) Represents the total contract/notional amount of the derivatives outstanding and includes both written and purchased protection.

***Fair Value, Cash Flow and Net Investment Hedges***

The Corporation uses various types of interest rate and foreign exchange derivative contracts to protect against changes in the fair value of its assets and liabilities due to fluctuations in interest rates and exchange rates (fair value hedges). The Corporation also uses these types of contracts to protect against changes in the cash flows of its assets and liabilities, and other forecasted transactions (cash flow hedges). During the next 12 months, net losses on derivative instruments included in accumulated OCI of approximately $1.8 billion ($1.1 billion after-tax) are expected to be reclassified into earnings. These net losses reclassified into earnings are expected to reduce net interest income related to the respective hedged items.

Table of Contents

The following table summarizes certain information related to the Corporation's derivative hedges accounted for under SFAS 133 for the three months ended March 31, 2008 and 2007.

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | 2008 | 2007 |
| **Fair value hedges** | | |
| Hedge ineffectiveness recognized in net interest income | **$61** | $2 |
| **Cash flow hedges** | | |
| Hedge ineffectiveness recognized in net interest income | **(3)** | - |

The Corporation hedges its net investment in consolidated foreign operations determined to have functional currencies other than the U.S. dollar using forward foreign exchange contracts that typically settle in 90 days. The Corporation recorded net derivative gains in accumulated OCI associated with net investment hedges of $54 million for the three months ended March 31, 2008 as compared to losses of $35 million for the same period in the prior year.

## NOTE 5 – Securities

The amortized cost, gross unrealized gains and losses, and fair value of AFS debt and marketable equity securities at March 31, 2008 and December 31, 2007 were:

| (Dollars in millions) | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **Available-for-sale debt securities, March 31, 2008** | | | | |
| U.S. Treasury securities and agency debentures | **$780** | **$24** | **$-** | **$804** |
| Mortgage-backed securities (1) | **175,017** | **198** | **(2,591)** | **172,624** |
| Foreign securities | **6,271** | **38** | **(239)** | **6,070** |
| Corporate/Agency bonds | **4,494** | **46** | **(263)** | **4,277** |
| Other taxable securities (2) | **26,672** | **78** | **(191)** | **26,559** |
| Total taxable securities | **213,234** | **384** | **(3,284)** | **210,334** |
| Tax-exempt securities | **11,926** | **42** | **(442)** | **11,526** |
| **Total available-for-sale debt securities** | **$225,160** | **$426** | **$(3,726)** | **$221,860** |
| **Available-for-sale marketable equity securities (3)** | **$7,969** | **$11,653** | **$(687)** | **$18,935** |
| **Available-for-sale debt securities, December 31, 2007** | | | | |
| U.S. Treasury securities and agency debentures | $749 | $10 | $- | $759 |
| Mortgage-backed securities (1) | 166,768 | 92 | (3,144) | 163,716 |
| Foreign securities | 6,568 | 290 | (101) | 6,757 |
| Corporate/Agency bonds | 3,107 | 2 | (76) | 3,033 |
| Other taxable securities (2) | 24,608 | 69 | (84) | 24,593 |
| Total taxable securities | 201,800 | 463 | (3,405) | 198,858 |
| Tax-exempt securities | 14,468 | 73 | (69) | 14,472 |
| **Total available-for-sale debt securities** | $216,268 | $536 | $(3,474) | $213,330 |
| **Available-for-sale marketable equity securities (3)** | $6,562 | $13,530 | $(352) | $19,740 |

(1) Substantially all securities were issued by U.S. government-backed or government-sponsored enterprises.

(2) Includes asset-backed securities (ABS).

(3) Represents those AFS marketable equity securities that are recorded in other assets on the Consolidated Balance Sheet.

At March 31, 2008 and December 31, 2007, both the amortized cost and fair value of held-to-maturity debt securities was $1.1 billion and $726 million and the accumulated net unrealized gains on AFS debt and marketable equity securities included in accumulated OCI were $4.8 billion and $6.6 billion, net of the related income tax expense of $2.8 billion and $3.7 billion.

The Corporation recognized $577 million of impairment losses on AFS securities during the three months ended March 31, 2008. No such losses were recognized during the three months ended March 31, 2007.

For all AFS debt and marketable equity securities that are in an unrealized loss position, we have the intent and ability to hold these securities to recovery.

***Certain Corporate and Strategic Investments***

In 2007, the Corporation made a $2.0 billion investment in Countrywide Financial Corporation (Countrywide) in the form of Series B non-voting convertible preferred securities yielding 7.25 percent, which are recorded in other assets. This investment is accounted for under the cost method of accounting. In January 2008, the Corporation announced a definitive agreement to purchase all outstanding shares of Countrywide for approximately $4.0 billion in common stock. Countrywide shareholders' would receive 0.1822 shares of Bank of America Corporation common stock in exchange for one share of Countrywide common stock. The completion of this transaction is expected to occur early in the third quarter of 2008 subject to certain closing conditions and regulatory approvals.

The Corporation owns approximately eight percent, or 19.1 billion common shares, of China Construction Bank (CCB). These common shares are accounted for at fair value and recorded as AFS marketable equity securities in other assets. These shares are non-transferable until October 2008. At both March 31, 2008 and December 31, 2007, the cost of the CCB investment was $3.0 billion and the fair value was $14.5 billion and $16.4 billion. Dividend income on this investment is recorded in equity investment income. The Corporation also holds an option to increase its ownership interest in CCB to 19.1 percent. Additional shares received upon exercise of this option are restricted through August 2011. This option expires in February 2011. The strike price of the option is based on the IPO price that steps up on an annual basis and is currently at 103 percent of the IPO price. The strike price of the option is capped at 118 percent depending when the option is exercised.

Additionally, the Corporation owns approximately 137.0 million and 41.1 million of preferred and common shares, respectively, of Banco Itaú Holding Financeira S.A. (Banco Itaú) at March 31, 2008 which are recorded in other assets. These shares are accounted for at cost as they are non-transferable until May 2009. These shares will be accounted for as AFS marketable equity securities and carried at fair value with an offset to accumulated OCI beginning in the second quarter of 2008. Dividend income on this investment is recorded in equity investment income. At both March 31, 2008 and December 31, 2007, the cost of this investment was $2.6 billion and the fair value was $4.1 billion and $4.6 billion.

The Corporation has a 24.9 percent, or $2.7 billion, investment in Grupo Financiero Santander, S.A., the subsidiary of Grupo Santander, S.A. This investment is recorded in other assets and is accounted for under the equity method of accounting with income being recorded in equity investment income.

For additional information on securities, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

Table of Contents

## NOTE 6 – Outstanding Loans and Leases

Outstanding loans and leases at March 31, 2008 and December 31, 2007 were:

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| **Consumer** | | |
| Residential mortgage | **$266,145** | $274,949 |
| Credit card – domestic | **60,393** | 65,774 |
| Credit card – foreign | **15,518** | 14,950 |
| Home equity | **118,381** | 114,820 |
| Direct/Indirect consumer (1) | **80,446** | 76,858 |
| Other consumer (2) | **3,746** | 3,850 |
| **Total consumer** | **544,629** | 551,201 |
| **Commercial** | | |
| Commercial – domestic (3) | **208,212** | 208,297 |
| Commercial real estate (4) | **62,739** | 61,298 |
| Commercial lease financing | **22,132** | 22,582 |
| Commercial – foreign | **31,101** | 28,376 |
| Total commercial loans measured at historical cost | **324,184** | 320,553 |
| Commercial loans measured at fair value(5) | **5,057** | 4,590 |
| **Total commercial** | **329,241** | 325,143 |
| **Total loans and leases** | **$873,870** | $876,344 |

(1) Includes foreign consumer loans of $3.2 billion and $3.4 billion at March 31, 2008 and December 31, 2007.

(2) Includes consumer finance loans of $2.9 billion and $3.0 billion, and other foreign consumer loans of $841 million and $829 million at March 31, 2008 and December 31, 2007.

(3) Includes small business commercial – domestic loans, primarily card related, of $20.1 billion and $19.6 billion at March 31, 2008 and December 31, 2007.

(4) Includes domestic commercial real estate loans of $61.4 billion and $60.2 billion, and foreign commercial real estate loans of $1.3 billion and $1.1 billion at March 31, 2008 and December 31, 2007.

(5) Certain commercial loans are measured at fair value in accordance with SFAS 159 and include commercial – domestic loans of $3.9 billion and $3.5 billion, commercial – foreign loans of $949 million and $790 million, and commercial real estate loans of $240 million and $304 million at March 31, 2008 and December 31, 2007. See *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements for additional discussion of fair value for certain financial instruments.

The following table presents the recorded loan amounts, without consideration for the specific component of the allowance for loan and lease losses, that were considered individually impaired in accordance with SFAS No. 114, “Accounting by Creditors for Impairment of a Loan” (SFAS 114), at March 31, 2008 and December 31, 2007. SFAS 114 impairment includes performing troubled debt restructurings and excludes all commercial leases.

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| Commercial – domestic (1) | **$1,162** | $1,018 |
| Commercial real estate | **1,627** | 1,099 |
| Commercial – foreign | **54** | 19 |
| **Total impaired loans** | **$2,843** | $2,136 |

(1) Includes small business commercial – domestic loans of $153 million and $144 million at March 31, 2008 and December 31, 2007.

At March 31, 2008 and December 31, 2007, nonperforming loans and leases, including impaired and nonaccrual consumer loans, totaled $7.3 billion and $5.6 billion. In addition, included in other assets were consumer and commercial nonperforming loans held-for-sale (LHFS) of $327 million and $188 million at March 31, 2008 and December 31, 2007.

Table of Contents

## NOTE 7 – Allowance for Credit Losses

The following table summarizes the changes in the allowance for credit losses for the three months ended March 31, 2008 and 2007.

| (Dollars in millions) | Three Months Ended March 31 2008 | 2007 |
|---|---|---|
| **Allowance for loan and lease losses, January 1** | **$11,588** | $9,016 |
| Adjustment due to the adoption of SFAS 159 | **-** | (32) |
| Loans and leases charged off | **(3,180)** | (1,743) |
| Recoveries of loans and leases previously charged off | **465** | 316 |
| Net charge-offs | **(2,715)** | (1,427) |
| Provision for loan and lease losses | **6,021** | 1,228 |
| Other | **(3)** | (53) |
| **Allowance for loan and lease losses, March 31** | **14,891** | 8,732 |
| **Reserve for unfunded lending commitments, January 1** | **518** | 397 |
| Adjustment due to the adoption of SFAS 159 | **-** | (28) |
| Provision for unfunded lending commitments | **(11)** | 7 |
| Other | **-** | (2) |
| **Reserve for unfunded lending commitments, March 31** | **507** | 374 |
| **Allowance for credit losses, March 31** | **$15,398** | $9,106 |

## NOTE 8 – Securitizations

The Corporation securitizes loans which may be serviced by the Corporation or by third parties. With each securitization, the Corporation may retain all or a portion of the securities, subordinated tranches, interest-only strips, subordinated interests in accrued interest and fees on the securitized receivables, and, in some cases, cash reserve accounts, all of which are called retained interests. These retained interests are recorded in other assets and/or AFS debt securities and are carried at fair value or amounts that approximate fair value with changes recorded in income or accumulated OCI. Changes in the fair value for credit card related interest-only strips are recorded in card income.

As of March 31, 2008 and December 31, 2007 the aggregate debt securities outstanding for the Corporation's credit card securitization trusts were $106.1 billion and $101.3 billion. Key economic assumptions used in measuring the fair value of certain residual interests that continue to be held by the Corporation (included in other assets) from credit card securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions are as follows:

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| **Carrying amount of residual interests (at fair value)** [1] | **$2,907** | $2,766 |
| **Balance of unamortized securitized loans** | **107,847** | 102,967 |
| **Weighted average life to call or maturity (in years)** | **0.3** | 0.3 |
| **Monthly payment rate** | **10.6-15.8%** | 11.6-16.6% |
| Impact on fair value of 10% favorable change | **$65** | $51 |
| Impact on fair value of 25% favorable change | **200** | 158 |
| Impact on fair value of 10% adverse change | **(57)** | (35) |
| Impact on fair value of 25% adverse change | **(126)** | (80) |
| **Expected credit losses (annual rate)** | **3.8-5.6%** | 3.7-5.4% |
| Impact on fair value of 10% favorable change | **$156** | $141 |
| Impact on fair value of 25% favorable change | **425** | 374 |
| Impact on fair value of 10% adverse change | **(155)** | (133) |
| Impact on fair value of 25% adverse change | **(388)** | (333) |
| **Residual cash flows discount rate (annual rate)** | **11.5%** | 11.5% |
| Impact on fair value of 100 bps favorable change | **$5** | $9 |
| Impact on fair value of 200 bps favorable change | **7** | 13 |
| Impact on fair value of 100 bps adverse change | **(8)** | (12) |
| Impact on fair value of 200 bps adverse change | **(16)** | (23) |

(1) Residual interests include interest-only strips, subordinated tranches, subordinated interests in accrued interest and fees on the securitized receivables and cash reserve accounts which are carried at fair value or amounts that approximate fair value.

The sensitivities in the preceding table are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of an interest that continues to be held by the Corporation is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. Additionally, the Corporation has the ability to hedge interest rate risk associated with retained residual positions. The above sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

Principal proceeds from collections reinvested in revolving credit card securitizations were $45.6 billion and $44.7 billion for the three months ended March 31, 2008 and 2007. Contractual credit card servicing fee income totaled $533 million and $509 million for the three months ended March 31, 2008 and 2007. Other cash flows received on retained interests, such as cash flow from interest-only strips, were $1.7 billion for both the three months ended March 31, 2008 and 2007, for credit card securitizations.

Table of Contents

## NOTE 9 – Variable Interest Entities

The following table presents total assets of those VIEs in which the Corporation holds a significant variable interest and, in the unlikely event that all of the assets in the VIEs become worthless, the Corporation's maximum exposure to loss. The Corporation's maximum exposure to loss incorporates not only potential losses associated with assets recorded on the Corporation's balance sheet but also off-balance sheet commitments, such as unfunded liquidity and lending commitments and other contractual arrangements. In addition to the table below, the Corporation also provided support to certain cash funds managed within *Global Wealth and Investment Management (GWIM)* as described in more detail in *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements.

| | Consolidated (1) | | Unconsolidated | |
|---|---|---|---|---|
| (Dollars in millions) | Total Assets | Loss Exposure | Total Assets | Loss Exposure |
| **Variable interest entities, March 31, 2008** | | | | |
| Corporation-sponsored multi-seller conduits | **$11,425** | **$14,722** | **$27,354** | **$44,429** |
| Collateralized debt obligation vehicles | **3,358** | **3,288** | **7,143** | **6,474** |
| Leveraged lease trusts | **6,175** | **6,175** | **-** | **-** |
| Other | **11,138** | **9,651** | **8,691** | **6,218** |
| **Total variable interest entities** | **$32,096** | **$33,836** | **$43,188** | **$57,121** |
| **Variable interest entities, December 31, 2007** | | | | |
| Corporation-sponsored multi-seller conduits | $11,944 | $16,984 | $29,363 | $47,335 |
| Collateralized debt obligation vehicles | 4,464 | 4,311 | 8,324 | 7,410 |
| Leveraged lease trusts | 6,236 | 6,236 | - | - |
| Other | 13,771 | 12,347 | 8,260 | 5,953 |
| **Total variable interest entities** | $36,415 | $39,878 | $45,947 | $60,698 |

(1) The Corporation consolidates VIEs when it is the primary beneficiary that will absorb the majority of the expected losses or expected residual returns of the VIEs or both.

### Corporation-Sponsored Multi-Seller Conduits

The Corporation administers three multi-seller conduits which provide a low-cost funding alternative to its customers by facilitating their access to the commercial paper market. These customers sell or otherwise transfer assets to the conduits, which in turn issue high-grade, short-term commercial paper that is collateralized by the underlying assets. The Corporation receives fees for providing combinations of liquidity and standby letters of credit (SBLCs) or similar loss protection commitments to the conduits. Third parties participate in a small number of the liquidity facilities on a pari passu basis with the Corporation.

At March 31, 2008, our liquidity commitments to the conduits were collateralized by various classes of assets. Assets held in the conduits incorporate features such as overcollateralization and cash reserves which are designed to provide credit support. During the three months ended March 31, 2008, there were no material write-downs or downgrades of assets.

The Corporation is the primary beneficiary of one conduit which is included in the Consolidated Financial Statements. The assets of the consolidated conduit are recorded in AFS and held-to-maturity debt securities, and other assets. At March 31, 2008, the Corporation's liquidity commitments to the conduit were collateralized by credit card loans (24 percent), auto loans (16 percent), equipment loans (11 percent), and capital commitments and trade receivables (six percent each). None of these assets are subprime residential mortgages. In addition, 26 percent of the Corporation's liquidity commitments were collateralized by projected cash flows from long-term contracts (e.g., television broadcast contracts, stadium revenues and royalty payments) which, as mentioned above, incorporate features that provide credit support. At March 31, 2008, the weighted average life of assets in the consolidated conduit was 5.4 years and the weighted average maturity of commercial paper issued by this conduit was 32 days. Assets of the Corporation are not available to pay creditors of the consolidated conduit except to the extent the Corporation may be obligated to perform under the liquidity commitments and SBLCs. Assets of the consolidated conduit are not available to pay creditors of the Corporation.

The Corporation does not consolidate the other two conduits which issued capital notes and equity interests to independent third parties as it does not expect to absorb a majority of the variability of the conduits. At March 31, 2008, the Corporation's liquidity commitments to the unconsolidated conduits were collateralized by student loans (23 percent), credit card loans (11 percent), trade receivables (nine percent), and auto loans (eight percent). Less than one percent of these assets are subprime residential mortgages. In addition, 31 percent of the Corporation's commitments were collateralized by the conduits' short-term lending arrangements with investment funds, primarily real estate funds, which, as mentioned above, incorporate features that provide credit support. Amounts advanced under these arrangements will be repaid when the investment funds issue capital calls to their qualified equity investors. At March 31, 2008, the weighted average life of assets in the unconsolidated conduit was 2.6 years and the weighted average maturity of commercial paper issued by these conduits was 30 days.

Net revenues earned from fees associated with these commitments were $69 million and $32 million for the three months ended March 31, 2008 and 2007.

**Collateralized Debt Obligation Vehicles**

CDO vehicles are SPEs that hold diversified pools of fixed income securities. They issue multiple tranches of debt securities, including commercial paper, and equity securities. The Corporation also provides liquidity support to certain CDO vehicles.

The Corporation is the primary beneficiary of certain CDOs which are included in the Consolidated Financial Statements at March 31, 2008 and December 31, 2007. Assets held in the consolidated CDOs are classified in trading account assets and AFS debt securities, including AFS debt securities with a fair value of $2.0 billion and $2.8 billion and trading account assets with a fair value of $1.0 billion and $1.3 billion at March 31, 2008 and December 31, 2007 that were acquired in connection with liquidity support provided to the CDO conduit discussed below or issued by a consolidated CDO to which we no longer provide liquidity support at March 31, 2008. The creditors of the consolidated CDOs have no recourse to the general credit of the Corporation.

The Corporation's exposure to unconsolidated CDOs relates principally to liquidity support of $6.2 billion and $9.1 billion at March 31, 2008 and December 31, 2007. These amounts include written put options of $3.9 billion and $6.8 billion at March 31, 2008 and December 31, 2007 and other liquidity support of $2.3 billion at both March 31, 2008 and December 31, 2007. The written put options pertain to commercial paper which is the most senior class of securities issued by the CDOs and benefits from the subordination of all other securities issued by the CDOs. The Corporation is obligated under the written put options to provide funding to the CDOs by purchasing the commercial paper at predetermined contractual yields in the event of a severe disruption in the short-term funding market. The underlying collateral on the written put options includes mortgage-backed securities, ABS and CDO securities issued by other vehicles. These written put options are recorded as derivatives on the Consolidated Balance Sheet and are carried at fair value with changes in fair value recorded in trading account profits (losses). Derivative activity related to these entities is included in *Note 4 – Derivatives* to the Consolidated Financial Statements.

The Corporation's liquidity support to unconsolidated CDOs, as noted above, includes other liquidity support of $2.3 billion at both March 31, 2008 and December 31, 2007. A CDO conduit administered by the Corporation obtains funds by issuing commercial paper to third party investors. The conduit held $2.3 billion of assets at both March 31, 2008 and December 31, 2007 consisting of super senior tranches of debt securities issued by other CDOs. These securities benefit from overcollateralization exceeding the amount that would be required for a AAA-rating. The Corporation provides liquidity support equal to the amount of assets in this conduit which obligates it to purchase the commercial paper at a predetermined contractual yield in the event of a severe disruption in the short-term funding market.

At March 31, 2008 and December 31, 2007, the Corporation held commercial paper with a carrying value of $5.6 billion and $6.6 billion on the balance sheet that was issued by unconsolidated CDO vehicles, of which $3.3 billion and $5.0 billion related to these written put options and $2.3 billion and $1.6 billion related to other liquidity support. We also held $1.8 billion of AFS debt securities at March 31, 2008 issued by an unconsolidated CDO to which we no longer provide liquidity support.

**Leveraged Lease Trusts**

The Corporation's net investment in leveraged lease trusts totaled $6.2 billion at both March 31, 2008 and December 31, 2007. These amounts, which were recorded in loans and leases, represent the Corporation's maximum loss exposure to these entities in the unlikely event that the leveraged lease investments become worthless. Debt issued by the leveraged lease trusts is nonrecourse to the Corporation. The Corporation has no liquidity exposure to these leveraged lease trusts.

**Other**

Other consolidated VIEs at March 31, 2008 and December 31, 2007 consisted primarily of securitization vehicles, including an asset acquisition conduit that holds securities on the Corporation's behalf and term securitization vehicles that did not meet QSPE status, as well as managed investment vehicles that invest in financial assets, primarily debt securities. The Corporation's maximum exposure to loss of these VIEs included $5.4 billion and $7.4 billion of liquidity exposure to consolidated trusts that hold municipal bonds and $1.5 billion and $1.6 billion of liquidity exposure to the consolidated asset acquisition conduit at March 31, 2008 and December 31, 2007. The assets of these consolidated VIEs were recorded in trading account assets, AFS debt securities and other assets. Other unconsolidated VIEs at March 31, 2008 and December 31, 2007 consisted primarily of securitization vehicles, managed investment vehicles that invest in financial assets, primarily debt securities, and investments in affordable housing investment partnerships. Revenues associated with administration, asset management, liquidity, and other services were $2 million and $5 million for the three months ended March 31, 2008 and 2007.

## NOTE 10 – Goodwill and Intangible Assets

The following tables present goodwill and intangible assets at March 31, 2008 and December 31, 2007.

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| Global Consumer and Small Business Banking | **$40,538** | $40,340 |
| Global Corporate and Investment Banking | **29,614** | 29,648 |
| Global Wealth and Investment Management | **6,511** | 6,451 |
| All Other | **1,209** | 1,091 |
| **Total goodwill** | **$77,872** | $77,530 |

The gross carrying values and accumulated amortization related to intangible assets at March 31, 2008 and December 31, 2007 are presented below:

| | **March 31, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| (Dollars in millions) | **Gross Carrying Value** | **Accumulated Amortization** | Gross Carrying Value | Accumulated Amortization |
| Purchased credit card relationships | **$7,062** | **$2,161** | $7,027 | $1,970 |
| Core deposit intangibles | **4,594** | **2,943** | 4,594 | 2,828 |
| Affinity relationships | **1,679** | **452** | 1,681 | 406 |
| Other intangibles | **2,988** | **946** | 3,050 | 852 |
| **Total intangible assets** | **$16,323** | **$6,502** | $16,352 | $6,056 |

Amortization of intangibles expense was $446 million and $389 million for the three months ended March 31, 2008 and 2007. The Corporation estimates that aggregate amortization expense is expected to be approximately $435 million for each of the remaining quarters of 2008. In addition, the Corporation estimates the aggregate amortization expense will be approximately $1.5 billion, $1.3 billion, $1.2 billion, $990 million and $830 million for 2009 through 2013, respectively.

Table of Contents

## NOTE 11 – Commitments and Contingencies

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those instruments recorded on the Corporation's Consolidated Balance Sheet.

### *Credit Extension Commitments*

The Corporation enters into commitments to extend credit such as loan commitments, SBLCs and commercial letters of credit to meet the financing needs of its customers. The unfunded legally binding lending commitments shown in the following table are net of amounts distributed (e.g., syndicated) to other financial institutions of $39.2 billion at both March 31, 2008 and December 31, 2007. At March 31, 2008, the carrying amount of these commitments, excluding fair value adjustments, was $536 million, including deferred revenue of $29 million and a reserve for unfunded legally binding lending commitments of $507 million. At December 31, 2007, the carrying amount of these commitments, excluding fair value adjustments, was $550 million, including deferred revenue of $32 million and a reserve for unfunded legally binding lending commitments of $518 million. The carrying amount of these commitments is recorded in accrued expenses and other liabilities. For information regarding our loan commitments accounted for at fair value, see *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements.

| (Dollars in millions) | Expires in 1 year or less | Expires after 1 year through 3 years | Expires after 3 years through 5 years | Expires after 5 years | Total |
|---|---|---|---|---|---|
| **Credit extension commitments, March 31, 2008** | | | | | |
| Loan commitments | **$166,182** | **$93,978** | **$103,308** | **$28,770** | **$392,238** |
| Home equity lines of credit | **8,337** | **1,814** | **2,921** | **107,225** | **120,297** |
| Standby letters of credit and financial guarantees | **32,322** | **14,322** | **8,612** | **8,940** | **64,196** |
| Commercial letters of credit | **3,103** | **170** | **31** | **1,268** | **4,572** |
| Legally binding commitments [(1)] | **209,944** | **110,284** | **114,872** | **146,203** | **581,303** |
| Credit card lines | **883,710** | **18,261** | **-** | **-** | **901,971** |
| **Total credit extension commitments** | **$1,093,654** | **$128,545** | **$114,872** | **$146,203** | **$1,483,274** |
| **Credit extension commitments, December 31, 2007** | | | | | |
| Loan commitments | $178,931 | $92,153 | $106,904 | $27,902 | $405,890 |
| Home equity lines of credit | 8,482 | 1,828 | 2,758 | 107,055 | 120,123 |
| Standby letters of credit and financial guarantees | 31,629 | 14,493 | 7,943 | 8,731 | 62,796 |
| Commercial letters of credit | 3,753 | 50 | 33 | 717 | 4,553 |
| Legally binding commitments [(1)] | 222,795 | 108,524 | 117,638 | 144,405 | 593,362 |
| Credit card lines | 876,393 | 17,864 | - | - | 894,257 |
| **Total credit extension commitments** | $1,099,188 | $126,388 | $117,638 | $144,405 | $1,487,619 |

(1) Includes commitments to VIEs disclosed in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements, including $44.4 billion and $47.3 billion to corporation-sponsored multi-seller conduits at March 31, 2008 and December 31, 2007 and $2.3 billion to CDOs for both period ends. Also includes commitments to SPEs that are not disclosed in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements because the Corporation does not hold a significant variable interest or because they are QSPEs, including $5.8 billion and $6.1 billion to municipal bond trusts at March 31, 2008 and December 31, 2007 and $1.7 billion to customer-sponsored conduits for both period ends.

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Corporation against deterioration in the borrowers' ability to pay.

The Corporation also facilitates bridge financing (high grade debt, high yield debt and equity) to fund acquisitions, recapitalizations and other short-term needs as well as provide syndicated financing for clients. These concentrations are managed in part through the Corporation's established "originate to distribute" strategy. These client transactions are sometimes large and leveraged. They can also have a higher degree of risk as the Corporation is providing offers or commitments for various components of the clients' capital structures, including lower-rated unsecured and subordinated debt tranches and/or equity. In many cases, these offers to finance will not be accepted. If accepted, these conditional commitments are often retired prior to or shortly following funding via the placement of securities, syndication or the client's decision to terminate. Where the Corporation has a commitment and there is a market disruption or other unexpected event, there may be heightened exposure in the portfolios, and higher potential for loss, unless an orderly disposition of the exposure can be made. These commitments are not necessarily indicative of actual risk or funding requirements as the commitments may expire unused, the borrower may not be successful in completing the proposed transaction or may utilize multiple financing sources, including other investment and commercial banks, as well as accessing the general capital markets instead of drawing on the commitment. In addition, the Corporation may reduce its portion of the commitment through syndications to investors and/or lenders prior to funding. Therefore, these commitments are generally significantly greater than the amounts the Corporation will ultimately fund. Additionally, the borrower's ability to draw on the commitment may be subject to there being no material adverse change in the borrower's financial condition, among other factors. Commitments also generally contain certain flexible pricing features to adjust for changing market conditions prior to closing.

The Corporation's share of the leveraged finance forward calendar was $3.9 billion at March 31, 2008 compared to $12.2 billion at December 31, 2007. During the three months ended March 31, 2008, the Corporation syndicated $6.2 billion, closed but had not yet syndicated $3.8 billion, had client terminations and other transactions of $1.6 billion, and had new transactions of $3.3 billion related to our leveraged finance forward calendar. The Corporation also had unfunded real estate loan commitments of $784 million at March 31, 2008 compared to $2.2 billion at December 31, 2007 with the primary change resulting from $1.2 billion of transactions that were funded.

## *Other Commitments*

### Principal Investing and Other Equity Investments

At March 31, 2008 and December 31, 2007, the Corporation had unfunded equity investment commitments of approximately $2.2 billion and $2.6 billion. These commitments relate primarily to the Strategic Investments portfolio, as well as equity commitments included in the Corporation's Principal Investing business, which is comprised of a diversified portfolio of investments in privately-held and publicly-traded companies at all stages of their life cycle from start-up to buyout. These investments are made either directly in a company or held through a fund and are accounted for at fair value. At March 31, 2008 and December 31, 2007, the Corporation did not have any unfunded bridge equity commitments and had funded $1.2 billion of equity bridges, which are now considered held for investment. Bridge equity commitments provide equity bridge financing to facilitate clients' investment activities. These conditional commitments are often retired prior to or shortly following funding via syndication or the client's decision to terminate. Where the Corporation has a binding equity bridge commitment and there is a market disruption or other unexpected event, there may be heightened exposure in the portfolio and higher potential for loss, unless an orderly disposition of the exposure can be made.

### U.S. Government Guaranteed Charge Cards

At March 31, 2008 and December 31, 2007, the unfunded lending commitments related to charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. Government in the amount of $9.8 billion and $9.9 billion were not included in credit card line commitments in the previous table. The outstanding balances related to these charge cards were $228 million and $193 million at March 31, 2008 and December 31, 2007.

### Loan Purchases

At March 31, 2008, the Corporation had no collateralized mortgage obligation loan purchase commitments related to the Corporation's ALM activities. At December 31, 2007, the Corporation had net collateralized mortgage obligation loan purchase commitments related to the Corporation's ALM activities of $752 million, all of which settled in the first quarter of 2008.

In 2005, the Corporation entered into an agreement for the committed purchase of retail automotive loans over a five-year period, ending June 30, 2010. The Corporation did not purchase any loans under this agreement for the three months ended March 31, 2008. In 2007, the Corporation purchased $4.5 billion of such loans. Under the agreement, the Corporation is committed to purchase up to $5.0 billion for the fiscal period July 1, 2007 to June 30, 2008 and $10.0 billion in each of the agreement's following two fiscal years. As of March 31, 2008, the remaining commitment amount was $25.0 billion.

**Operating Leases**

The Corporation is a party to operating leases for certain of its premises and equipment. Commitments under these leases approximate $2.1 billion, $1.9 billion, $1.6 billion, $1.3 billion and $1.2 billion for 2008 through 2012, respectively, and $8.2 billion for all years thereafter.

**Other Commitments**

Beginning in the second half of 2007, the Corporation provided support to certain cash funds managed within *GWIM*. The funds for which the Corporation provided support typically invest in high quality, short-term securities with a weighted average maturity of 90 days or less, including a limited number of securities issued by SIVs. Due to market disruptions, certain SIV investments were downgraded by the rating agencies and experienced a decline in fair value. The Corporation entered into capital commitments which required the Corporation to provide cash to these funds in the event the net asset value per unit of a fund declined below certain thresholds. The capital commitments expire no later than the third quarter of 2010. At March 31, 2008 and December 31, 2007, the Corporation had gross (i.e., funded and unfunded) capital commitments to the funds of $525 million and $565 million. For the three months ended March 31, 2008, the Corporation incurred losses of $127 million related to these capital commitments. At March 31, 2008 and December 31, 2007, the remaining loss exposure on capital commitments was $16 million and $183 million. Additionally, during the three months ended March 31, 2008, the Corporation purchased $994 million of investments from the funds and recorded losses of $93 million.

The Corporation may from time to time, but is under no obligation to, provide additional support to funds managed within *GWIM*. Future support, if any, may take the form of additional capital commitments to the funds or the purchase of assets from the funds.

The Corporation is not the primary beneficiary of the cash funds and does not consolidate the cash funds managed within *GWIM* because the subordinated support provided by the Corporation will not absorb a majority of the variability created by the assets of the funds. The cash funds had total assets under management of $176.2 billion at March 31, 2008.

***Other Guarantees***

**Written Put Options**

At March 31, 2008 and December 31, 2007, the Corporation provided liquidity support in the form of written put options on $3.9 billion and $10.0 billion of commercial paper issued by CDOs, including $3.2 billion issued by a consolidated CDO and $6.8 billion issued by unconsolidated CDOs at December 31, 2007. These agreements have various maturities ranging from two to five years. For more information regarding written put options, see *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements.

**Merchant Services**

The Corporation provides credit and debit card processing services to various merchants by processing credit and debit card transactions on their behalf. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor and the merchant defaults upon its obligation to reimburse the cardholder. A cardholder, through its issuing bank, generally has until the later of up to six months after the date a transaction is processed or the delivery of the product or service to present a chargeback to the Corporation as the merchant processor. If the Corporation is unable to collect this amount from the merchant, it bears the loss for the amount paid to the cardholder. For the three months ended March 31, 2008 and 2007, the Corporation processed $88.3 billion and $82.8 billion of transactions and recorded losses as a result of these chargebacks of $4 million for both periods.

At March 31, 2008 and December 31, 2007, the Corporation held as collateral $21 million and $19 million of merchant escrow deposits which the Corporation has the right to offset against amounts due from the individual merchants. The Corporation also has the right to offset any payments with cash flows otherwise due to the merchant. Accordingly, the Corporation believes that the maximum potential exposure is not representative of the actual potential loss exposure. The Corporation believes the maximum potential exposure for chargebacks would not exceed the total amount of merchant transactions processed through Visa and MasterCard for the last six months, which represents the claim period for the cardholder, plus any outstanding delayed-delivery transactions. As of March 31, 2008 and December 31, 2007, the maximum potential exposure totaled approximately $148.4 billion and $151.2 billion.

**Other Guarantees**

For additional information on other guarantees, see *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation’s 2007 Annual Report on Form 10-K. For additional information on recourse obligations related to residential mortgage loans sold and other guarantees related to securitizations, see *Note 8 – Securitizations* to the Consolidated Financial Statements of the Corporation’s 2007 Annual Report on Form 10-K.

***Litigation and Regulatory Matters***

The following supplements the disclosure in *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation’s 2007 Annual Report on Form 10-K.

**Municipal Derivatives Matters**

Beginning in March 2008, the Corporation, Bank of America, N.A. and other financial institutions have been named as defendants in complaints filed in federal courts in the District of Columbia, New York and elsewhere. Plaintiffs purport to represent classes of government and private entities that purchased municipal derivatives from defendants. The complaints allege that defendants conspired to allocate customers and fix or stabilize the prices of certain municipal derivatives from 1992 through 2006. The plaintiffs’ complaints seek unspecified damages, including treble damages.

**Pension Plan Matters**

*The Richards case.*

A settlement agreement has been executed, and preliminary court approval has been obtained.

## NOTE 12 – Shareholders' Equity and Earnings Per Common Share

### *Common Stock*

The Corporation may repurchase shares, from time to time, in the open market or in private transactions through the Corporation's approved repurchase program. For the three months ended March 31, 2008, the Corporation did not repurchase shares of common stock and issued 14.9 million shares under employee stock plans.

In April 2008, the Board authorized a quarterly cash dividend of $0.64 per common share payable on June 27, 2008 to shareholders of record on June 6, 2008.

In January 2008, the Board declared a first quarter cash dividend of $0.64 per common share which was paid on March 28, 2008 to shareholders of record on March 7, 2008.

### *Preferred Stock*

In April 2008, the Corporation issued 160 thousand shares of Bank of America Corporation Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M (Series M Preferred Stock) with a par value of $0.01 per share for $4.0 billion. The fixed rate is 8.125 percent through May 14, 2018 and then adjusts to three-month LIBOR plus 364 basis points (bps) thereafter. Ownership is held in the form of depositary shares, each representing a 1/25$^{th}$ interest in a share of Series M Preferred Stock, paying a semiannual cash dividend through May 14, 2018 then adjusts to a quarterly cash dividend, on the liquidation preference of $25,000 per share of Series M Preferred Stock. The Series M Preferred Stock is not convertible.

In January 2008, the Corporation issued 240 thousand shares of Bank of America Corporation Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K (Series K Preferred Stock) with a par value of $0.01 per share for $6.0 billion. The fixed rate is 8.00 percent through January 29, 2018 and then adjusts to three-month LIBOR plus 363 bps thereafter. Ownership is held in the form of depositary shares, each representing a 1/25$^{th}$ interest in a share of Series K Preferred Stock, paying a semiannual cash dividend through January 29, 2018 then adjusts to a quarterly cash dividend, on the liquidation preference of $25,000 per share of Series K Preferred Stock. The Series K Preferred Stock is not convertible.

Also in January 2008, the Corporation issued 6.9 million shares of Bank of America Corporation 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L (Series L Preferred Stock) with a par value of $0.01 per share for $6.9 billion, paying a quarterly cash dividend on the liquidation preference of $1,000 per share of Series L Preferred Stock at an annual rate of 7.25 percent. Each share of the Series L Preferred Stock may be converted at any time, at the option of the holder, into 20 shares of the Corporation's common stock plus cash in lieu of fractional shares. On or after January 30, 2013, the Corporation may cause some or all of the Series L Preferred Stock, at its option, at any time or from time to time, to be converted into shares of 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 common stock exceeds 130 percent of the then-applicable conversion price of the Series L Preferred Stock. If the Corporation exercises its right to cause the automatic conversion of Series L Preferred Stock on January 30, 2013, it will still pay any accrued dividends payable on January 30, 2013 to the applicable holders of record.

The shares of the series of preferred stock discussed above are not subject to the operation of a sinking fund and have no participation rights. The holders of these series have no general voting rights. If any quarterly dividend payable on these series is in arrears for three or more semiannual or six or more quarterly dividend periods, as applicable (whether consecutive or not), the holders of these series and any other class or series of preferred stock ranking equally as to payment of dividends and upon which equivalent voting rights have been conferred and are exercisable (voting as a single class) will be entitled to vote for the election of two additional directors. These voting rights terminate when the Corporation has paid in full dividends on these series for at least two semiannual or four quarterly dividend periods, as applicable, following the dividend arrearage.

## *Accumulated OCI*

The following table presents the changes in accumulated OCI for the three months ended March 31, 2008 and 2007, net-of-tax.

| (Dollars in millions) | Securities [1] | Derivatives [2] | Employee Benefit Plans | Foreign Currency | Total |
|---|---|---|---|---|---|
| **Balance, December 31, 2007** | **$6,536** | **$(4,402)** | **$(1,301)** | **$296** | **$1,129** |
| Net change in fair value recorded in accumulated OCI | **(1,943)** | **(478)** | **-** | **20** | **(2,401)** |
| Net realized losses reclassified into earnings [3] | **208** | **162** | **18** | **-** | **388** |
| **Balance, March 31, 2008** | **$4,801** | **$(4,718)** | **$(1,283)** | **$316** | **$(884)** |
| **Balance, December 31, 2006** | $(2,733) | $(3,697) | $(1,428) | $147 | $(7,711) |
| Net change in fair value recorded in accumulated OCI | 98 | 31 | - | (25) | 104 |
| Net realized (gains) losses reclassified into earnings [3] | (206) | 109 | 31 | 13 | (53) |
| **Balance, March 31, 2007** | $(2,841) | $(3,557) | $(1,397) | $135 | $(7,660) |

(1) For the three months ended March 31, 2008 and 2007, the Corporation reclassified net realized (gains) losses into earnings on the sale and impairments of AFS debt securities of $213 million and $(39) million, net-of-tax, and net realized (gains) on the sales and impairments of AFS marketable equity securities of $(5) million and $(167) million, net-of-tax.

(2) The amounts included in accumulated OCI for terminated interest rate derivative contracts were losses of $3.6 billion and $3.4 billion, net-of-tax, at March 31, 2008 and 2007.

(3) Included in this line item are amounts related to derivatives used in cash flow hedge relationships. These amounts are reclassified into earnings in the same period or periods during which the hedged forecasted transactions affect earnings. This line item also includes (gains) losses on AFS debt and marketable equity securities and impairment charges. These amounts are reclassified into earnings upon sale of the related security or when the impairment charge is recognized.

## *Earnings per Common Share*

Earnings per common share is computed by dividing net income available to common shareholders by the weighted average common shares issued and outstanding. For diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant’s convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. This adjusted net income is divided by the weighted average number of common shares issued and outstanding for each period plus amounts representing the dilutive effect of stock options outstanding, restricted stock, restricted stock units and the dilution resulting from the conversion of the registrant’s convertible preferred stock, if applicable. The effects of convertible preferred stock, restricted stock, restricted stock units and stock options are excluded from the computation of diluted earnings per common share in periods in which the effect would be antidilutive. Dilutive potential common shares are calculated using the treasury stock method.

Table of Contents

The calculation of earnings per common share and diluted earnings per common share for the three months ended March 31, 2008 and 2007 is presented below.

| (Dollars in millions, except per share information; shares in thousands) | Three Months Ended March 31 2008 | 2007 |
|---|---|---|
| **Earnings per common share** | | |
| Net income | **$1,210** | $5,255 |
| Preferred stock dividends | **(190)** | (46) |
| Net income available to common shareholders | **$1,020** | $5,209 |
| Average common shares issued and outstanding | **4,427,823** | 4,432,664 |
| **Earnings per common share** | **$0.23** | $1.18 |
| **Diluted earnings per common share** | | |
| Net income available to common shareholders | **$1,020** | $5,209 |
| Average common shares issued and outstanding | **4,427,823** | 4,432,664 |
| Dilutive potential common shares [1, 2] | **33,378** | 64,364 |
| Total diluted average common shares issued and outstanding | **4,461,201** | 4,497,028 |
| **Diluted earnings per common share** | **$0.23** | $1.16 |

(1) For the three months ended March 31, 2008 and 2007, average options to purchase 135 million and 17 million shares were outstanding but not included in the computation of earnings per common share because they were antidilutive. For the three months ended March 31, 2008, 96.5 million average dilutive potential common shares associated with the convertible Series L Preferred Stock issued in January of 2008 were excluded from the diluted share count because the result would have been antidilutive under the "if-converted" method.

(2) Includes incremental shares from restricted stock units, restricted stock shares and stock options.

## NOTE 13 – Pension and Postretirement Plans

The Corporation sponsors noncontributory trusteed qualified pension plans that cover substantially all officers and employees, a number of noncontributory nonqualified pension plans, and postretirement health and life plans. The Bank of America Pension Plan (the Pension Plan) allows participants to select from various earnings measures, which are based on the returns of certain funds or common stock of the Corporation. The participant-selected earnings measures determine the earnings rate on the individual participant account balances in the Pension Plan. A detailed discussion of these plans is presented in *Note 16 – Employee Benefit Plans* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

Net periodic benefit cost (income) for the three months ended March 31, 2008 and 2007 included the following components:

| | Three Months Ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | Qualified Pension Plans | | Nonqualified Pension Plans | | Postretirement Health and Life Plans | |
| (Dollars in millions) | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **Components of net periodic benefit cost (income)** | | | | | | |
| Service cost | **$88** | $86 | **$2** | $3 | **$5** | $3 |
| Interest cost | **210** | 180 | **19** | 18 | **23** | 22 |
| Expected return on plan assets | **(361)** | (316) | **-** | - | **(3)** | (2) |
| Amortization of transition obligation | **-** | - | **-** | - | **8** | 8 |
| Amortization of prior service cost (credits) | **12** | 12 | **(2)** | (2) | **-** | - |
| Recognized net actuarial loss (gain) | **16** | 33 | **3** | 5 | **(8)** | (6) |
| **Net periodic benefit cost (income)** | **$(35)** | $(5) | **$22** | $24 | **$25** | $25 |

During 2008, the Corporation expects to contribute $105 million and $101 million to its Nonqualified Pension Plans and Postretirement Health and Life Plans. For the three months ended March 31, 2008, the Corporation contributed $52 million and $25 million to these plans. The Corporation does not expect to contribute to its Qualified Pension Plans during 2008.

## Note 14 – Fair Value Disclosures

### *Fair Value Option*

**Corporate Loans and Loan Commitments**

The Corporation accounts for certain large corporate loans and loan commitments which exceeded the Corporation's single name credit risk concentration guidelines at fair value in accordance with SFAS 159. Lending commitments, both funded and unfunded, are actively managed and monitored, and, as appropriate, credit risk for these lending relationships may be mitigated through the use of credit derivatives, with the Corporation's credit view and market perspectives determining the size and timing of the hedging activity. These credit derivatives do not meet the requirements for hedge accounting under SFAS 133 and are therefore carried at fair value with changes in fair value recorded in other income. SFAS 159 allows the Corporation to account for these loans and loan commitments at fair value, which is more consistent with management's view of the underlying economics and the manner in which they are managed. In addition, accounting for these loans and loan commitments at fair value reduces the accounting asymmetry that would otherwise result from carrying the loans at historical cost and the credit derivatives at fair value.

At March 31, 2008 and December 31, 2007, funded loans that the Corporation fair values had an aggregate fair value of $5.06 billion and $4.59 billion recorded in loans and leases and an aggregate outstanding principal balance of $5.41 billion and $4.82 billion. At March 31, 2008 and December 31, 2007, unfunded loan commitments that the Corporation fair values had an aggregate fair value of $903 million and $660 million recorded in accrued expenses and other liabilities and an aggregate committed exposure of $20.3 billion and $20.9 billion. Interest income on these loans and commitment fees on these loan commitments are recorded in interest and fees on loans and leases. At March 31, 2008 and December 31, 2007, none of these loans were 90 days or more past due and still accruing interest or had been placed on nonaccrual status. Net losses resulting from changes in fair value of these loans and loan commitments of $361 million and $27 million were recorded in other income during the three months ended March 31, 2008 and 2007. These changes in fair value were predominately offset by hedging activities. These losses were primarily attributable to changes in instrument-specific credit risk.

**Loans Held-for-Sale**

The Corporation also accounts for certain LHFS at fair value. Using fair value allows a better offset of the changes in fair values of the loans and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting under SFAS 133. The Corporation does not fair value other LHFS primarily because these loans are floating rate loans that are not economically hedged using derivative instruments. Fair values for LHFS are based on quoted market prices, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans and adjusted to reflect the inherent credit risk. At March 31, 2008 and December 31, 2007, residential mortgage loans, commercial mortgage loans, and other LHFS that the Corporation fair values had an aggregate fair value of $12.10 billion and $15.77 billion and an aggregate outstanding principal balance of $13.49 billion and $16.72 billion and were recorded in other assets. Interest income on these loans is recorded in other interest income. Net gains (losses) resulting from changes in fair value of these loans during the three months ended March 31, 2008 and 2007, including realized gains (losses) on sale, of $15 million and $56 million were recorded in mortgage banking income, $(611) million and $(7) million were recorded in trading account profits (losses), and $(45) million and $5 million were recorded in other income. These changes in fair value were predominately offset by hedging activities. Approximately $40 million of these losses were attributable to instrument-specific credit risk during the three months ended March 31, 2008.

**Structured Reverse Repurchase Agreements**

The Corporation fair values certain structured reverse repurchase agreements which are hedged with derivatives. Using fair value allows the Corporation to reduce volatility in earnings without the burden of complying with the requirements of hedge accounting under SFAS 133. At March 31, 2008 and December

31, 2007, these instruments had an aggregate fair value of $2.66 billion and $2.58 billion and a principal balance of $2.64 billion and $2.54 billion recorded in federal funds sold and securities purchased under agreements to resell. Interest earned on these instruments continues to be recorded in interest income. Net gains resulting from changes in fair value of these instruments of $3 million and $2 million were recorded in other income for the three months ended March 31, 2008 and 2007. The Corporation does not fair value other financial instruments within the same balance sheet category because they were not economically hedged using derivatives.

**Long-term Deposits**

The Corporation fair values certain long-term fixed rate deposits which are economically hedged with derivatives. At March 31, 2008 and December 31, 2007, these instruments had an aggregate fair value of $2.01 billion and $2.00 billion and a principal balance of $1.94 billion and $1.99 billion recorded in interest-bearing deposits. Interest paid on these instruments continues to be recorded in interest expense. Net losses resulting from changes in fair value of these instruments of $54 million and $1 million were recorded in other income for the three months ended March 31, 2008 and 2007. Using fair value allows the Corporation to reduce the accounting volatility that would otherwise result from the accounting asymmetry created by accounting for the financial instruments at historical cost and the economic hedges at fair value. The Corporation does not fair value other financial instruments within the same balance sheet category because they were not economically hedged using derivatives.

## ***Fair Value Measurement***

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Corporation determines the fair values of its financial instruments based on the fair value hierarchy established in SFAS 157 which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. The Corporation carries certain corporate loans and loan commitments, LHFS, structured reverse repurchase agreements, and long-term deposits at fair value in accordance with SFAS 159. The Corporation also carries at fair value trading account assets and liabilities, derivative assets and liabilities, AFS debt securities, MSRs, and certain other assets. A detailed discussion on how the Corporation measures fair value is presented in *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

**Level 1, 2 and 3 Valuation Techniques**

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

The Corporation also uses market indices for direct inputs to certain models, where the cash settlement is directly linked to appreciation or depreciation of that particular index (primarily in the context of structured credit products). In those cases, no material adjustments are made off of the index-based values. In other cases, market indices are also used as inputs to valuation, but are adjusted for trade specific factors such as rating, credit quality, vintage and other factors.

**Corporate Loans and Loan Commitments**

The fair values of loans and loan commitments are based on market prices, where available, or discounted cash flows using market-based credit spreads of comparable debt instruments or credit derivatives of the specific borrower or comparable borrowers. Results of discounted cash flow calculations may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower.

**Structured Reverse Repurchase Agreements and Long-term Deposits**

The fair values of structured reverse repurchase agreements and long-term deposits are determined using quantitative models, including discounted cash flow models, that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

**Trading Account Assets and Liabilities and Available-for-Sale Debt Securities**

The fair values of trading account assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. The fair values of AFS debt securities are generally based on quoted market prices or market prices for similar assets. Liquidity is a significant factor in the determination of the fair values of trading account assets or liabilities and AFS debt securities. Market price quotes may not be readily available for some positions, or positions within a market sector where trading activity has slowed significantly or ceased such as certain CDO positions and other ABS. Some of these instruments are valued using a net asset value approach, which considers the value of the underlying securities. Underlying assets are valued using external pricing services, where available, or matrix pricing based on the vintages and ratings. Situations of illiquidity generally are triggered by the market's perception of credit uncertainty regarding a single company or a specific market sector. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

**Derivative Assets and Liabilities**

The fair values of derivative assets and liabilities traded in the over-the-counter market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices, and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors, where appropriate.

**Mortgage Servicing Rights**

The fair values of MSRs are determined using models which depend on estimates of prepayment rates, the resultant weighted average lives of the MSRs and the option adjusted spread levels. For more information on MSRs, see *Note 15 – Mortgage Servicing Rights* to the Consolidated Financial Statements.

**Other Assets**

The Corporation fair values certain other assets including certain LHFS, AFS equity securities and certain retained residual interests in securitization vehicles. The fair values of LHFS are based on quoted market prices, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans adjusted to reflect the inherent credit risk. The fair values of AFS equity securities are generally based on quoted market prices or market prices for similar assets. However, non-public investments are initially valued at transaction price and subsequently adjusted when evidence is available to support such adjustments. Retained residual interests in securitization vehicles are based on certain observable inputs such as interest rates and credit spreads, as well as unobservable inputs such as estimated net charge-off and payment rates.

Table of Contents

Assets and liabilities measured at fair value on a recurring basis, including financial instruments that the Corporation accounts for at fair value in accordance with SFAS 159, are summarized below:

| | March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Fair Value Measurements Using | | | | |
| (Dollars in millions) | Level 1 | Level 2 | Level 3 | Netting Adjustments (1) | Assets/Liabilities at Fair Value |
| **Assets** | | | | | |
| Federal funds sold and securities purchased under agreements to resell | $- | $2,661 | $- | $- | $2,661 |
| Trading account assets | 54,062 | 106,109 | 5,522 | - | 165,693 |
| Derivative assets | 1,082 | 782,438 | 10,834 | (743,429) | 50,925 |
| Available-for-sale debt securities | 2,221 | 209,981 | 9,658 | - | 221,860 |
| Loans and leases (2) | - | - | 5,057 | - | 5,057 |
| Mortgage servicing rights | - | - | 3,163 | - | 3,163 |
| Other assets (3) | 19,019 | 12,411 | 5,496 | - | 36,926 |
| **Total assets** | **$76,384** | **$1,113,600** | **$39,730** | **$(743,429)** | **$486,285** |
| **Liabilities** | | | | | |
| Interest-bearing deposits in domestic offices | $- | $2,005 | $- | $- | $2,005 |
| Trading account liabilities | 58,395 | 17,637 | - | - | 76,032 |
| Derivative liabilities | 987 | 755,599 | 10,518 | (737,934) | 29,170 |
| Accrued expenses and other liabilities | - | - | 903 | - | 903 |
| **Total liabilities** | **$59,382** | **$775,241** | **$11,421** | **$(737,934)** | **$108,110** |

| | December 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Fair Value Measurements Using | | | | |
| (Dollars in millions) | Level 1 | Level 2 | Level 3 | Netting Adjustments (1) | Assets/Liabilities at Fair Value |
| **Assets** | | | | | |
| Federal funds sold and securities purchased under agreements to resell | $- | $2,578 | $- | $- | $2,578 |
| Trading account assets | 42,986 | 115,051 | 4,027 | - | 162,064 |
| Derivative assets | 516 | 442,471 | 8,972 | (417,297) | 34,662 |
| Available-for-sale debt securities | 2,089 | 205,734 | 5,507 | - | 213,330 |
| Loans and leases (2) | - | - | 4,590 | - | 4,590 |
| Mortgage servicing rights | - | - | 3,053 | - | 3,053 |
| Other assets (3) | 19,796 | 15,971 | 5,321 | - | 41,088 |
| **Total assets** | **$65,387** | **$781,805** | **$31,470** | **$(417,297)** | **$461,365** |
| **Liabilities** | | | | | |
| Interest-bearing deposits in domestic offices | $- | $2,000 | $- | $- | $2,000 |
| Trading account liabilities | 57,331 | 20,011 | - | - | 77,342 |
| Derivative liabilities | 534 | 426,223 | 10,175 | (414,509) | 22,423 |
| Accrued expenses and other liabilities | - | - | 660 | - | 660 |
| **Total liabilities** | **$57,865** | **$448,234** | **$10,835** | **$(414,509)** | **$102,425** |

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Corporation to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

(2) Loans and leases at March 31, 2008 and December 31, 2007 included $22.1 billion and $22.6 billion of leases that were not eligible for the fair value option as they were specifically excluded from fair value option election in accordance with SFAS 159.

(3) Other assets include equity investments held by Principal Investing, AFS equity securities and certain retained residual interests in securitization vehicles, including interest-only strips. Certain LHFS are also accounted for at fair value in accordance with SFAS 159. Substantially all of other assets are eligible for fair value accounting at March 31, 2008 and December 31, 2007.

The table below presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended March 31, 2008 and 2007.

| **Level 3 Instruments Only** (Dollars in millions) | Total Fair Value Measurements Three Months Ended March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Net Derivatives** [1] | **Trading Account Assets** | **Available-for-Sale Debt Securities** | **Loans and Leases** [2] | **Mortgage Servicing Rights** | **Other Assets** [3] | **Accrued Expenses and Other Liabilities** [2] |
| **Balance, January 1, 2008** | **$(1,203)** | **$4,027** | **$5,507** | **$4,590** | **$3,053** | **$5,321** | **$(660)** |
| Total realized and unrealized gains (losses): | | | | | | | |
| Included in earnings | 490 | (560) | (489) | (125) | (47) | 423 | (243) |
| Included in other comprehensive income | - | - | (582) | - | - | - | - |
| Purchases, issuances, and settlements | 524 | (568) | 1,252 | 592 | 157 | (124) | - |
| Transfers in to/out of Level 3 | 505 | 2,623 | 3,970 | - | - | (124) | - |
| **Balance, March 31, 2008** | **$316** | **$5,522** | **$9,658** | **$5,057** | **$3,163** | **$5,496** | **$(903)** |

| **Level 3 Instruments Only** (Dollars in millions) | Total Fair Value Measurements Three Months Ended March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Net Derivatives** [1] | **Trading Account Assets** | **Available-for-Sale Debt Securities** | **Loans and Leases** [2] | **Mortgage Servicing Rights** | **Other Assets** [3] | **Accrued Expenses and Other Liabilities** [2] |
| **Balance, January 1, 2007** | **$788** | **$303** | **$1,133** | **$3,947** | **$2,869** | **$6,605** | **$(349)** |
| Total realized and unrealized gains (losses): | | | | | | | |
| Included in earnings | (64) | (30) | - | 1 | 121 | 730 | (28) |
| Included in other comprehensive income | - | - | 4 | - | - | (51) | - |
| Purchases, issuances, and settlements | (108) | (4) | (65) | (89) | (27) | (1,403) | - |
| Transfers in to/out of Level 3 | (8) | - | - | - | - | (14) | - |
| **Balance, March 31, 2007** | **$608** | **$269** | **$1,072** | **$3,859** | **$2,963** | **$5,867** | **$(377)** |

(1) Net derivatives at March 31, 2008 and 2007 included derivative assets of $10.83 billion and $6.91 billion and derivative liabilities of $10.52 billion and $6.31 billion.

(2) Amounts represent items which are accounted for at fair value in accordance with SFAS 159 including commercial loan commitments recorded in accrued expenses and other liabilities.

(3) Other assets include equity investments held by Principal Investing and certain retained interests in securitization vehicles, including interest-only strips. Certain portfolios of LHFS, principally reverse mortgages, are also accounted for at fair value in accordance with SFAS 159.

Table of Contents

The table below summarizes gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recorded in earnings for Level 3 assets and liabilities during the three months ended March 31, 2008 and 2007. These amounts include those gains and losses generated by loans, LHFS and loan commitments which are accounted for at fair value in accordance with SFAS 159.

| | Total Gains (Losses) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Level 3 Instruments Only** (Dollars in millions) | Net Derivatives | Trading Account Assets | Available-for-Sale Debt Securities | Loans and Leases (1) | Mortgage Servicing Rights | Other Assets (2) | Accrued Expenses and Other Liabilities (1) | Total |
| **Classification of realized and unrealized gains (losses) included in earnings for the three months ended March 31, 2008:** | | | | | | | | |
| Card income | $- | $- | $- | $- | $- | $464 | $- | $464 |
| Equity investment income | - | - | - | - | - | 6 | - | 6 |
| Trading account profits (losses) | 358 | (560) | - | (2) | - | (30) | (5) | (239) |
| Mortgage banking income (loss) | 132 | - | - | - | (47) | (25) | - | 60 |
| Other income | - | - | (489) | (123) | - | 8 | (238) | (842) |
| **Total** | **$490** | **$(560)** | **$(489)** | **$(125)** | **$(47)** | **$423** | **$(243)** | **$(551)** |
| **Classification of realized and unrealized gains (losses) included in earnings for the three months ended March 31, 2007:** | | | | | | | | |
| Card income | $- | $- | $- | $- | $- | $181 | $- | $181 |
| Equity investment income | - | - | - | - | - | 508 | - | 508 |
| Trading account losses | (69) | (30) | - | - | - | - | - | (99) |
| Mortgage banking income | 5 | - | - | - | 121 | - | - | 126 |
| Other income | - | - | - | 1 | - | 41 | (28) | 14 |
| **Total** | **$(64)** | **$(30)** | **$-** | **$1** | **$121** | **$730** | **$(28)** | **$730** |

(1) Amounts represent items which are accounted for at fair value in accordance with SFAS 159.

(2) Amounts include certain portfolios of LHFS which are accounted for at fair value in accordance with SFAS 159.

The table below summarizes changes in unrealized gains or losses recorded in earnings during the three months ended March 31, 2008 and 2007 for Level 3 assets and liabilities that are still held at March 31, 2008 and 2007. These amounts include changes in fair value of loans, LHFS and loan commitments which are accounted for at fair value in accordance with SFAS 159.

| **Level 3 Instruments Only** (Dollars in millions) | Changes in Unrealized Gains (Losses) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net Derivatives | Trading Account Assets | Available-for- Sale Debt Securities | Loans and Leases [1] | Mortgage Servicing Rights | Other Assets [2] | Accrued Expenses and Other Liabilities [1] | Total |
| **Changes in unrealized gains (losses) relating to assets still held at reporting date for the three months ended March 31, 2008:** | | | | | | | | |
| Card income | $- | $- | $- | $- | $- | $203 | $- | $203 |
| Equity investment income | - | - | - | - | - | (62) | - | (62) |
| Trading account profits (losses) | 103 | (541) | - | - | - | (27) | - | (465) |
| Mortgage banking income (loss) | 71 | - | - | - | (96) | (19) | - | (44) |
| Other income | - | - | (476) | (153) | - | (1) | (354) | (984) |
| **Total** | **$174** | **$(541)** | **$(476)** | **$(153)** | **$(96)** | **$94** | **$(354)** | **$(1,352)** |
| **Changes in unrealized gains (losses) relating to assets still held at reporting date for the three months ended March 31, 2007:** | | | | | | | | |
| Card income | $- | $- | $- | $- | $- | $28 | $- | $28 |
| Equity investment income | - | - | - | - | - | 118 | - | 118 |
| Trading account losses | (158) | (30) | - | - | - | - | - | (188) |
| Mortgage banking income | 4 | - | - | - | 60 | - | - | 64 |
| Other income | - | - | - | (1) | - | - | (31) | (32) |
| **Total** | **$(154)** | **$(30)** | **$-** | **$(1)** | **$60** | **$146** | **$(31)** | **$(10)** |

(1) Amounts represented items which are accounted for at fair value in accordance with SFAS 159.

(2) Amounts include certain portfolios of LHFS which are accounted for at fair value in accordance with SFAS 159.

Certain assets and liabilities are measured at fair value on a non-recurring basis (e.g., LHFS, unfunded loan commitments held-for-sale, and commercial and residential reverse mortgage MSRs, all of which are carried at the lower of cost or market). At March 31, 2008 and December 31, 2007, LHFS that the Corporation does not account for at fair value with an aggregate cost of $19.78 billion and $14.70 billion had been written down to fair value of $18.66 billion and $14.50 billion (of which $1.93 billion and $1.20 billion were measured using Level 2 inputs, and $16.73 billion and $13.30 billion were measured using Level 3 inputs within the fair value hierarchy). During the three months ended March 31, 2008 and 2007, losses of $509 million and $41 million were recorded in other income (primarily leveraged LHFS), losses of $8 million and $4 million were recorded in mortgage banking income (primarily consumer mortgage LHFS), and losses of $173 million and $0 were recorded in trading account profits (losses) (primarily commercial mortgage LHFS).

Table of Contents

## NOTE 15 – Mortgage Servicing Rights

The Corporation accounts for residential first mortgage MSRs at fair value with changes in fair value recorded in the Consolidated Statement of Income in mortgage banking income. The Corporation economically hedges these MSRs with certain derivatives such as options, forward settlement contracts and interest rate swaps.

The following table presents activity for residential first mortgage MSRs for the three months ended March 31, 2008 and 2007.

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| **Balance, beginning of the period** | **$3,053** | $2,869 |
| Additions | **366** | 171 |
| Impact of customer payments | **(197)** | (183) |
| Other changes in MSR market value | **(59)** | 106 |
| **Balance, March 31** | **$3,163** | $2,963 |

For the three months ended March 31, 2008, other changes in MSR market value of $(59) million reflects the change in discount rates and prepayment speed assumptions, mostly due to changes in interest rates, as well as the effect of model changes. The amount does not include $12 million resulting from the actual cash received exceeding expected prepayments. The net amount of $(47) million is included in the line "mortgage banking income (loss)" in the table "Total Gains (Losses)" in *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements.

The key economic assumptions used in valuations of MSRs include modeled prepayment rates, the resultant weighted average lives of the MSRs and the option adjusted spread levels. Commercial and residential reverse mortgage MSRs are accounted for using the amortization method (i.e., lower of cost or market). Commercial and residential reverse mortgage MSRs totaled $307 million and $294 million at March 31, 2008 and December 31, 2007 and are not included in the table above.

## NOTE 16 – Business Segment Information

The Corporation reports the results of its operations through three business segments: *Global Consumer and Small Business Banking* (*GCSBB*), *Global Corporate and Investment Banking* (*GCIB*) and *Global Wealth and Investment Management* (*GWIM*). The Corporation may periodically reclassify business segment results based on modifications to its management reporting methodologies and changes in organizational alignment.

### *Global Consumer and Small Business Banking*

*GCSBB* provides a diversified range of products and services to individuals and small businesses. The Corporation reports *GCSBB*'s results, specifically credit card, business card and certain unsecured lending portfolios, on a managed basis. This basis of presentation excludes the Corporation's securitized mortgage and home equity portfolios for which the Corporation retains servicing. Reporting on a managed basis is consistent with the way that management evaluates the results of *GCSBB*. Managed basis assumes that securitized loans were not sold and presents earnings on these loans in a manner similar to the way loans that have not been sold (i.e., held loans) are presented. Loan securitization is an alternative funding process that is used by the Corporation to diversify funding sources. Loan securitization removes loans from the Consolidated Balance Sheet through the sale of loans to an off-balance sheet QSPE which is excluded from the Corporation's Consolidated Financial Statements in accordance with GAAP.

Table of Contents

The performance of the managed portfolio is important in understanding *GCSBB*'s results as it demonstrates the results of the entire portfolio serviced by the business. Securitized loans continue to be serviced by the business and are subject to the same underwriting standards and ongoing monitoring as held loans. In addition, retained excess servicing income is exposed to similar credit risk and repricing of interest rates as held loans. *GCSBB*'s managed income statement line items differ from a held basis as follows:

- Managed net interest income includes *GCSBB*'s net interest income on held loans and interest income on the securitized loans less the internal funds transfer pricing allocation related to securitized loans.

- Managed noninterest income includes *GCSBB*'s noninterest income on a held basis less the reclassification of certain components of card income (e.g., excess servicing income) to record managed net interest income and provision for credit losses. Noninterest income, both on a held and managed basis, also includes the impact of adjustments to the interest-only strip that are recorded in card income as management continues to manage this impact within *GCSBB*.

- Provision for credit losses represents the provision for credit losses on held loans combined with realized credit losses associated with the securitized loan portfolio.

## *Global Corporate and Investment Banking*

*GCIB* provides a wide range of financial services to both the Corporation's issuer and investor clients that range from business banking clients to large international corporate and institutional investor clients using a strategy to deliver value-added financial products and advisory solutions.

## *Global Wealth and Investment Management*

*GWIM* offers investment and brokerage services, estate management, financial planning services, fiduciary management, credit and banking expertise, and diversified asset management products to institutional clients, as well as affluent and high net-worth individuals. *GWIM* also includes the impact of migrated qualifying affluent customers, including their related deposit balances, from *GCSBB*. After migration, the associated net interest income, service charges and noninterest expense on the deposit balances are recorded in *GWIM*.

## *All Other*

*All Other* consists of equity investment activities including Principal Investing, Corporate Investments and Strategic Investments, the residual impact of the allowance for credit losses and the cost allocation processes, merger and restructuring charges, intersegment eliminations, and the results of certain businesses that are expected to be or have been sold or are in the process of being liquidated (e.g., the Corporation's operations in Chile and Uruguay and Marsico Capital Management, LLC). *All Other* also includes certain amounts associated with ALM activities, including the residual impact of funds transfer pricing allocation methodologies, amounts associated with the change in the value of derivatives used as economic hedges of interest rate and foreign exchange rate fluctuations that did not qualify for SFAS 133 hedge accounting treatment, foreign exchange rate fluctuations related to SFAS No. 52, "Foreign Currency Translation" revaluation of foreign denominated debt issuances, certain gains (losses) on sales of whole mortgage loans, and gains (losses) on sales of debt securities. *All Other* also includes adjustments to noninterest income and income tax expense to remove the FTE impact of items (primarily low-income housing tax credits) that have been grossed up within noninterest income to a FTE amount in the business segments. In addition, *GCSBB* is reported on a managed basis which includes a "securitization impact" adjustment which has the effect of assuming that loans that have been securitized were not sold and presenting these loans in a manner similar to the way loans that have not been sold are presented. *All Other*'s results include a corresponding "securitization offset" which removes the impact of these securitized loans in order to present the consolidated results of the Corporation on a GAAP basis (i.e., held basis).

***Basis of Presentation***

Total revenue, net of interest expense, includes net interest income on a FTE basis and noninterest income. The adjustment of net interest income to a FTE basis results in a corresponding increase in income tax expense. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Net interest income of the business segments also includes an allocation of net interest income generated by the Corporation's ALM activities.

Certain expenses not directly attributable to a specific business segment are allocated to the segments based on pre-determined means. The most significant of these expenses include data processing costs, item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain centralized or shared functions are allocated based on methodologies which reflect utilization.

Table of Contents

The following table presents total revenue, net of interest expense, on a FTE basis and net income for the three months ended March 31, 2008 and March 31, 2007, and total assets at March 31, 2008 and 2007 for each business segment, as well as *All Other*.

***Business Segments***

**Three Months Ended March 31**

| (Dollars in millions) | **Total Corporation** (1) **2008** | 2007 | **Global Consumer and Small Business Banking** (2, 3) **2008** | 2007 | **Global Corporate and Investment Banking** (2) **2008** | 2007 |
|---|---|---|---|---|---|---|
| Net interest income (4) | **$10,291** | $8,597 | **$7,684** | $7,004 | **$3,599** | $2,422 |
| Noninterest income | **7,012** | 9,887 | **5,622** | 4,327 | **(431)** | 2,978 |
| Total revenue, net of interest expense | **17,303** | 18,484 | **13,306** | 11,331 | **3,168** | 5,400 |
| Provision for credit losses (5) | **6,010** | 1,235 | **6,452** | 2,411 | **523** | 115 |
| Amortization of intangibles | **446** | 389 | **331** | 328 | **48** | 43 |
| Other noninterest expense | **8,749** | 8,708 | **4,808** | 4,347 | **2,413** | 2,887 |
| Income before income taxes | **2,098** | 8,152 | **1,715** | 4,245 | **184** | 2,355 |
| Income tax expense (4) | **888** | 2,897 | **625** | 1,573 | **69** | 878 |
| **Net income** | **$1,210** | $5,255 | **$1,090** | $2,672 | **$115** | $1,477 |
| **Period-end total assets** | **$1,736,502** | $1,502,157 | **$437,237** | $409,883 | **$791,962** | $716,132 |

| (Dollars in millions) | **Global Wealth and Investment Management** (2) **2008** | 2007 | **All Other** (2, 3) **2008** | 2007 |
|---|---|---|---|---|
| Net interest income (4) | **$998** | $923 | **$(1,990)** | $(1,752) |
| Noninterest income | **924** | 858 | **897** | 1,724 |
| Total revenue, net of interest expense | **1,922** | 1,781 | **(1,093)** | (28) |
| Provision for credit losses (5) | **243** | 23 | **(1,208)** | (1,314) |
| Amortization of intangibles | **60** | 16 | **7** | 2 |
| Other noninterest expense | **1,256** | 959 | **272** | 515 |
| Income (loss) before income taxes | **363** | 783 | **(164)** | 769 |
| Income tax expense (4) | **135** | 292 | **59** | 154 |
| **Net income (loss)** | **$228** | $491 | **$(223)** | $615 |
| **Period-end total assets** | **$163,013** | $127,404 | **$344,290** | $248,738 |

(1) There were no material intersegment revenues among the segments.

(2) Total assets include asset allocations to match liabilities (i.e., deposits).

(3) *GCSBB* is presented on a managed basis with a corresponding offset recorded in *All Other*.

(4) FTE basis

(5) Provision for credit losses represents: For *GCSBB* – Provision for credit losses on held loans combined with realized credit losses associated with the securitized loan portfolio and for *All Other* – Provision for credit losses combined with the *GCSBB* securitization offset.

*GCSBB* is reported on a managed basis which includes a “securitization impact” adjustment which has the effect of presenting securitized loans in a manner similar to the way loans that have not been sold are presented. *All Other*’s results include a corresponding “securitization offset” which removes the impact of these securitized loans in order to present the consolidated results of the Corporation on a held basis. The tables below reconcile *GCSBB* and *All Other* to a held basis by reclassifying net interest income, all other income and realized credit losses associated with the securitized loans to card income.

Table of Contents

***Global Consumer and Small Business Banking – Reconciliation***

| | Three Months Ended March 31, 2008 | | | Three Months Ended March 31, 2007 | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | **Managed Basis (1)** | **Securitization Impact (2)** | **Held Basis** | Managed Basis (1) | Securitization Impact (2) | Held Basis |
| Net interest income (3) | **$7,684** | **$(2,055)** | **$5,629** | $7,004 | $(1,890) | $5,114 |
| Noninterest income: | | | | | | |
| Card income | **2,725** | **704** | **3,429** | 2,381 | 839 | 3,220 |
| Service charges | **1,566** | **-** | **1,566** | 1,377 | - | 1,377 |
| Mortgage banking income | **656** | **-** | **656** | 302 | - | 302 |
| All other income | **675** | **(65)** | **610** | 267 | (77) | 190 |
| Total noninterest income | **5,622** | **639** | **6,261** | 4,327 | 762 | 5,089 |
| Total revenue, net of interest expense | **13,306** | **(1,416)** | **11,890** | 11,331 | (1,128) | 10,203 |
| Provision for credit losses | **6,452** | **(1,416)** | **5,036** | 2,411 | (1,128) | 1,283 |
| Noninterest expense | **5,139** | **-** | **5,139** | 4,675 | - | 4,675 |
| Income before income taxes | **1,715** | **-** | **1,715** | 4,245 | - | 4,245 |
| Income tax expense (3) | **625** | **-** | **625** | 1,573 | - | 1,573 |
| **Net income** | **$1,090** | **$-** | **$1,090** | $2,672 | $- | $2,672 |

(1) Provision for credit losses represents provision for credit losses on held loans combined with realized credit losses associated with the securitized loan portfolio.

(2) The securitization impact on net interest income is on a funds transfer pricing methodology consistent with the way funding costs are allocated to the businesses.

(3) FTE basis

***All Other – Reconciliation***

| | Three Months Ended March 31, 2008 | | | Three Months Ended March 31, 2007 | | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | **Reported Basis (1)** | **Securitization Offset (2)** | **As Adjusted** | Reported Basis (1) | Securitization Offset (2) | As Adjusted |
| Net interest income (3) | **$(1,990)** | **$2,055** | **$65** | $(1,752) | $1,890 | $138 |
| Noninterest income: | | | | | | |
| Card income | **664** | **(704)** | **(40)** | 721 | (839) | (118) |
| Equity investment income | **268** | **-** | **268** | 896 | - | 896 |
| Gains on sales of debt securities | **220** | **-** | **220** | 61 | - | 61 |
| All other income (loss) | **(255)** | **65** | **(190)** | 46 | 77 | 123 |
| Total noninterest income | **897** | **(639)** | **258** | 1,724 | (762) | 962 |
| Total revenue, net of interest expense | **(1,093)** | **1,416** | **323** | (28) | 1,128 | 1,100 |
| Provision for credit losses | **(1,208)** | **1,416** | **208** | (1,314) | 1,128 | (186) |
| Merger and restructuring charges | **170** | **-** | **170** | 111 | - | 111 |
| All other noninterest expense | **109** | **-** | **109** | 406 | - | 406 |
| Income (loss) before income taxes | **(164)** | **-** | **(164)** | 769 | - | 769 |
| Income tax expense (3) | **59** | **-** | **59** | 154 | - | 154 |
| **Net income (loss)** | **$(223)** | **$-** | **$(223)** | $615 | $- | $615 |

(1) Provision for credit losses represents provision for credit losses in *All Other* combined with the *GCSBB* securitization offset.

(2) The securitization offset to net interest income is on a funds transfer pricing methodology consistent with the way funding costs are allocated to the businesses.

(3) FTE basis

[Table of Contents](#)

The following table presents reconciliations of the three business segments' (*GCSBB*, *GCIB* and *GWIM*) total revenue, net of interest expense, on a FTE basis and net income to the Consolidated Statement of Income. The adjustments presented in the table below include consolidated income and expense amounts not specifically allocated to individual business segments.

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| Segments' total revenue, net of interest expense[1] | **$18,396** | $18,512 |
| Adjustments: | | |
| ALM activities | **279** | 96 |
| Equity investment income | **268** | 896 |
| Liquidating businesses | **73** | 426 |
| FTE basis adjustment | **(300)** | (329) |
| Managed securitization impact to total revenue, net of interest expense | **(1,416)** | (1,128) |
| Other | **(297)** | (318) |
| **Consolidated revenue, net of interest expense** | **$17,003** | $18,155 |
| Segments' net income | **$1,433** | $4,640 |
| Adjustments, net of taxes: | | |
| ALM activities | **(28)** | (4) |
| Equity investment income | **169** | 564 |
| Liquidating businesses | **33** | 305 |
| Merger and restructuring charges | **(107)** | (70) |
| Other | **(290)** | (180) |
| **Consolidated net income** | **$1,210** | $5,255 |

(1) FTE basis

Table of Contents

**Bank of America Corporation and Subsidiaries**
**Management's Discussion and Analysis of Financial Condition and Results of Operations**



**Throughout the MD&A, we use certain acronyms and abbreviations which are defined in the Glossary beginning on page 130.**

Table of Contents

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "anticipates," "believes," "estimates" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. Readers of the Form 10-Q of Bank of America Corporation and its subsidiaries (the Corporation) should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report as well as those discussed under Item 1A. "Risk Factors" of the Corporation's 2007 Annual Report on Form 10-K. The statements are representative only as of the date they are made, and the Corporation undertakes no obligation to update any forward-looking statement.*

*Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: changes in general economic conditions and economic conditions in the geographic regions and industries in which the Corporation operates which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense; changes in the interest rate environment and market liquidity which may reduce interest margins, impact funding sources and affect the ability to originate and distribute financial products in the primary and secondary markets; changes in foreign exchange rates; adverse movements and volatility in debt and equity capital markets; changes in market rates and prices which may adversely impact the value of financial products including securities, loans, deposits, debt and derivative financial instruments, and other similar financial instruments; political conditions and related actions by the United States abroad which may adversely affect the Corporation's businesses and economic conditions as a whole; liabilities resulting from litigation and regulatory investigations, including costs, expenses, settlements and judgments; changes in domestic or foreign tax laws, rules and regulations as well as court, Internal Revenue Service or other governmental agencies' interpretations thereof; various monetary and fiscal policies and regulations, including those determined by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of Currency, the Federal Deposit Insurance Corporation, state regulators and the Financial Services Authority; changes in accounting standards, rules and interpretations; competition with other local, regional and international banks, thrifts, credit unions and other nonbank financial institutions; ability to grow core businesses; ability to develop and introduce new banking-related products, services and enhancements, and gain market acceptance of such products; mergers and acquisitions and their integration into the Corporation; decisions to downsize, sell or close units or otherwise change the business mix of the Corporation; and management's ability to manage these and other risks.*

The Corporation, headquartered in Charlotte, North Carolina, operates in 32 states, the District of Columbia and more than 30 foreign countries. The Corporation provides a diversified range of banking and nonbanking financial services and products domestically and internationally through three business segments: *Global Consumer and Small Business Banking (GCSBB)*, *Global Corporate and Investment Banking (GCIB)*, and *Global Wealth and Investment Management (GWIM).*

At March 31, 2008, the Corporation had $1.7 trillion in assets and approximately 209,000 full-time equivalent employees. Notes to Consolidated Financial Statements referred to in the MD&A are incorporated by reference into the MD&A. Certain prior period amounts have been reclassified to conform to current period presentation.

## Recent Events

### *2008 Continuing Market Dislocations and Economic Environment*

The market dislocations experienced in the financial markets that began during the second half of 2007 continued during the first quarter of 2008. Significant and broad-based illiquidity in the credit markets combined with lingering concern about subprime loans have driven continued deterioration in the value of certain structured securities (e.g., CDOs) resulting in additional losses on CDOs and related subprime exposure (CDO exposure). The continuing market dislocations also resulted in other trading account losses related primarily to our structured and credit products, including writedowns on our leveraged finance and CMBS portfolios. For more information on CDOs, leveraged finance, the related ongoing exposure and the impacts of the continuing market dislocation, see the *Capital Markets and Advisory Services (CMAS)* discussion beginning on page 65.

In addition, the market illiquidity continued to impact the credit ratings of certain structured investment vehicles (SIVs). During the first quarter, we provided additional support to certain cash funds managed within *GWIM* by entering into capital commitments and purchasing certain investments from these funds. For more information on our cash fund support, see the *GWIM* discussion beginning on page 72.

Furthermore, the slowing economy and declining consumer real estate prices have continued to negatively affect our home equity portfolio as well as other areas of our consumer portfolio. In addition, deterioration in the credit quality of our small business and commercial homebuilder portfolios has continued. For more information on credit quality, see the Credit Risk Management discussion beginning on page 92.

The subprime mortgage dislocation also impacted the ratings of certain monoline insurance providers (monolines), which has affected the pricing of certain municipal securities and the liquidity of the short-term public finance markets. We have direct and indirect exposure to monolines and, in certain situations, recognized losses related to some of these exposures during the first quarter. For more information related to our monoline exposure, see the Industry Concentrations discussion on page 110.

The above conditions together with deterioration in the overall economy will continue to affect these and other markets in which we do business and will adversely impact our results in 2008. The degree of the impact is dependent upon the duration and severity of the aforementioned conditions.

### *Other Recent Events*

In April 2008, we issued 160 thousand shares of Bank of America Corporation Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M (Series M Preferred Stock) with a par value of $0.01 per share for $4.0 billion. The fixed rate is 8.125 percent through May 14, 2018 and then adjusts to three-month LIBOR plus 364 basis points (bps) thereafter.

In April 2008, the Board of Directors (the Board) declared a regular quarterly cash dividend on common stock of $0.64 per share, payable on June 27, 2008 to common shareholders of record on June 6, 2008. In January 2008, the Board declared a regular quarterly cash dividend on common stock of $0.64 per share which was paid on March 28, 2008 to common shareholders of record on March 7, 2008.

In January 2008, we announced changes in our*CMAS* business within *GCIB* which better align the strategy of this business with *GCIB's* broader integrated platform. We continue to provide corporate, commercial and sponsored clients with debt and equity capital-raising services, strategic advice, and a full range of corporate banking capabilities. However, we have reduced activities in certain structured products (e.g., CDOs) and are resizing the international platform to emphasize debt, cash management, and selected trading services, including rates and foreign exchange. This realignment, once completed, will result in the reduction of 680 front office personnel with additional infrastructure headcount reduction. We also plan to sell our equity prime brokerage business.

In January 2008, we announced a definitive agreement to purchase all outstanding shares of Countrywide Financial Corporation (Countrywide), the largest mortgage lender in the U. S., for approximately $4.0 billion in common stock.

Countrywide shareholders' would receive 0.1822 shares of Bank of America Corporation common stock in exchange for one share of Countrywide common stock. The acquisition would make us the nation's leading mortgage lender and loan servicer. The completion of this transaction is subject to closing conditions and regulatory approvals and is expected to close early in the third quarter of 2008. In August of 2007, we made a $2.0 billion investment in Countrywide in the form of Series B non-voting convertible preferred securities yielding 7.25 percent.

In January 2008, we issued 240 thousand shares of Bank of America Corporation Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K with a par value of $0.01 per share for $6.0 billion. The fixed rate is 8.00 percent through January 29, 2018 and then adjusts to three-month LIBOR plus 363 bps thereafter. In addition, we issued 6.9 million shares of Bank of America Corporation 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L with a par value of $0.01 per share for $6.9 billion.

## Performance Overview

Net income was $1.2 billion, or $0.23 per diluted common share for the three months ended March 31, 2008, decreases of 77 percent and 80 percent from $5.3 billion, or $1.16 per diluted common share for the same period in 2007.

***Table 1***
***Business Segment Total Revenue and Net Income***

| | Three Months Ended March 31 | | | |
|---|---|---|---|---|
| | Total Revenue [1] | | Net Income | |
| (Dollars in millions) | **2008** | 2007 | **2008** | 2007 |
| Global Consumer and Small Business Banking[2] | **$13,306** | $11,331 | **$1,090** | $2,672 |
| Global Corporate and Investment Banking | **3,168** | 5,400 | **115** | 1,477 |
| Global Wealth and Investment Management | **1,922** | 1,781 | **228** | 491 |
| All Other [2] | **(1,093)** | (28) | **(223)** | 615 |
| Total FTE basis | **17,303** | 18,484 | **1,210** | 5,255 |
| FTE adjustment | **(300)** | (329) | **-** | - |
| **Total Consolidated** | **$17,003** | $18,155 | **$1,210** | $5,255 |

(1) Total revenue is net of interest expense, and is on a FTE basis for the business segments and *All Other*. For more information on a FTE basis, see Supplemental Financial Data beginning on page 50.
(2) *GCSBB* is presented on a managed basis with a corresponding offset recorded in *All Other*.

The table above presents total revenue and net income for the business segments and *All Other* and the following discussion presents a summary of the results for the business segments and *All Other*. For more information on these results, see Business Segment Operations beginning on page 56.

- *GCSBB's* net income decreased as higher revenue was more than offset by increased provision for credit losses and noninterest expense. Revenue increased driven by the impacts of organic growth, the LaSalle Bank Corporation (LaSalle) acquisition and the gain on the Visa initial public offering (IPO). Higher provision for credit losses resulted from the impacts of the housing weakness and slowing economy. Noninterest expense increased due to the addition of LaSalle, partially offset by the reversal of Visa-related litigation costs. For more information on *GCSBB*, see page 57.

- *GCIB's* net income decreased driven by losses associated with our CDO-related exposures and the continuing impact of the market disruptions on various parts of our *CMAS* business. Also contributing was a higher provision for credit losses due to the impact of the housing market slowdown on the homebuilder loan portfolio. For more information on *GCIB*, see page 63.

- *GWIM's* net income decreased as higher total revenue was more than offset by higher provision for credit losses and noninterest expense. Total revenue grew due to increased net interest income and growth in investment and brokerage services income partially offset by losses associated with the support provided to certain cash funds managed within *GWIM*. Provision for credit losses increased driven by deterioration in the home equity portfolio. Noninterest expense increased due to the addition of U.S. Trust Corporation and LaSalle. For more information on *GWIM*, see page 72.

- *All Other* reported a net loss due to a decline in equity investment income combined with increased provision for credit losses on our ALM residential mortgage portfolio. For more information on *All Other*, see page 77.

## Financial Highlights

### *Net Interest Income*

Net interest income on a FTE basis increased $1.7 billion to $10.3 billion for the three months ended March 31, 2008 compared to the same period in 2007. The increase was driven by the contribution from market-based net interest income related to our *CMAS* business, which benefited from a decrease in the cost of market-based funding due to a decline in short-term interest rates, as well as higher loan levels and the acquisition of LaSalle. Partially offsetting these increases was the impact of competitive deposit pricing in the industry as well as the lagged effect of repricing our deposit products in a decreasing rate environment. The net interest yield on a FTE basis increased 12 bps to 2.73 percent for the three months ended March 31, 2008 compared to the same period in 2007, due to the improvement in market-based yield related to our *CMAS* business stated above, partially offset by the impact of the addition of LaSalle. For more information on net interest income on a FTE basis, see Table 7 on page 54.

### *Noninterest Income*

***Table 2***

***Noninterest Income***

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| Card income | **$3,639** | $3,333 |
| Service charges | **2,397** | 2,072 |
| Investment and brokerage services | **1,340** | 1,149 |
| Investment banking income | **476** | 638 |
| Equity investment income | **1,054** | 1,014 |
| Trading account profits (losses) | **(1,783)** | 872 |
| Mortgage banking income | **451** | 213 |
| Gains on sales of debt securities | **225** | 62 |
| Other income (loss) | **(787)** | 534 |
| **Total noninterest income** | **$7,012** | $9,887 |

Noninterest income decreased $2.9 billion to $7.0 billion for the three months ended March 31, 2008 compared to the same period in 2007, due to the following:

- Card income on a held basis grew $306 million primarily due to the favorable change in value of the interest-only strip and an increase in cash advance fees.

- Service charges grew $325 million resulting from new account growth in deposit accounts and the beneficial impact of the LaSalle acquisition.
- Investment and brokerage services increased $191 million due primarily to the U.S. Trust Corporation and LaSalle acquisitions, organic growth in AUM and brokerage activity partially offset by the absence of fee income in the first quarter resulting from the sale of Marsico Capital Management, LLC (Marsico) in 2007.
- Investment banking income decreased $162 million driven by reduced debt underwriting and advisory fees due to current disruptions in the markets.
- Equity investment income increased $40 million as the gain associated with the Visa IPO of $776 million was offset by a reduction in gains from our Principal Investing portfolio due to the lack of liquidity in the marketplace.
- Trading account profits (losses) were $(1.8) billion for the three months ended March 31, 2008, related to our CDO exposure and the continuing impact of the market disruptions on various parts of our *CMAS* business. Impairment writedowns associated with CDO securities classified as AFS were recognized in other income. For more information on the impact of these events refer to the *GCIB* discussion beginning on page 63.
- Mortgage banking income increased $238 million due to an increased MSR valuation and higher mortgage volume which was originated for distribution, partially offset by the impact of widening credit spreads and illiquidity in the secondary market. The adoption of SAB 109 resulted in the recognition of $90 million in incremental mortgage banking income for the three months ended March 31, 2008.
- Other income (loss) decreased $1.3 billion to a loss of $787 million due to impairment writedowns of $561 million associated with CDOs classified as AFS debt securities and $439 million of writedowns associated with our leveraged finance loans and commitments. In addition, we recorded losses of $220 million associated with the support provided to certain cash funds managed within *GWIM* and writedowns of certain investments that were purchased from the funds.

***Provision for Credit Losses***

The provision for credit losses increased $4.8 billion to $6.0 billion for the three months ended March 31, 2008 compared to the same period in 2007. Deterioration in the housing markets, particularly in geographic areas that have experienced the most significant home price declines as well as seasoning and the impacts of a slowing economy drove reserve increases and higher net charge-offs.

For more information on credit quality, see Provision for Credit Losses beginning on page 115.

***Noninterest Expense***

***Table 3***

***Noninterest Expense***

| (Dollars in millions) | Three Months Ended March 31 **2008** | 2007 |
|---|---|---|
| Personnel | **$4,726** | $5,025 |
| Occupancy | **849** | 713 |
| Equipment | **396** | 350 |
| Marketing | **637** | 555 |
| Professional fees | **285** | 229 |
| Amortization of intangibles | **446** | 389 |
| Data processing | **563** | 437 |
| Telecommunications | **260** | 251 |
| Other general operating | **863** | 1,037 |
| Merger and restructuring charges | **170** | 111 |
| **Total noninterest expense** | **$9,195** | $9,097 |

Noninterest expense increased $98 million to $9.2 billion for the three months ended March 31, 2008 compared to the same period in 2007 primarily due to increases in various line items including occupancy, data processing, marketing and merger and restructuring charges. Personnel expense declined $299 million as the impact of the acquisitions of LaSalle and U.S. Trust Corporation were more than offset by a reduction in performance-based incentive compensation and a decrease in stock-based compensation granted to eligible employees. Other general operating expense decreased by $174 million mostly driven by the reversal of certain Visa-related litigation costs associated with the completion of the Visa IPO.

***Income Tax Expense***

Income tax expense was $588 million for the three months ended March 31, 2008 compared to $2.6 billion for the same period in 2007 resulting in an effective tax rate of 32.7 percent and 32.8 percent.

***Assets***

At March 31, 2008, total assets were $1.7 trillion, an increase of $20.8 billion, or one percent, from December 31, 2007. Growth in period end total assets was mostly due to increases in derivative assets, debt securities and other assets. These increases were partially offset by a decrease in federal funds sold and securities purchased under resale agreements. The increase in derivative assets was primarily due to the weakening of the U.S. dollar which drove higher replacement costs for outstanding foreign currency contracts and an increase in the value of our credit derivatives due to widening credit spreads on purchased credit protection. Debt securities increased due in part to the securitization of residential mortgage loans into mortgage-backed securities that were retained by us. The increase in other assets was primarily due to higher levels of unsettled trades relating to our capital markets activities which have cleared since quarter end.

Average total assets for the three months ended March 31, 2008 increased $243.5 billion, or 16 percent, from the comparable period in 2007 primarily due to higher loans and leases and debt securities. The increase in average loans and leases was attributable to organic growth and the LaSalle merger. The increase in debt securities was driven by the LaSalle merger.

***Liabilities and Shareholders' Equity***

At March 31, 2008, total liabilities were $1.6 trillion, an increase of $11.3 billion, or one percent, from December 31, 2007. The increase in period end total liabilities was primarily attributable to increases in accrued expenses and other liabilities mostly due to higher payables associated with our capital markets activities. Partially offsetting this increase was a decrease in foreign office interest-bearing deposits.

Average total liabilities for the three months ended March 31, 2008 increased $222.4 billion, or 16 percent, from the comparable period in 2007. The increase in average total liabilities was attributable to higher deposits and long-term debt to support growth in overall assets and fund the LaSalle merger. In addition these increases were attributable to the assumption of liabilities associated with LaSalle.

Period end shareholders' equity was $156.3 billion at March 31, 2008, an increase of $9.5 billion from December 31, 2007, due to the issuance of preferred stock of $12.9 billion, net income and the issuance of common stock related to restricted stock activity. These increases were partially offset by dividend payments and a decrease in accumulated OCI.

Average shareholders' equity for the three months ended March 31, 2008 compared to the same period in 2007, increased $21.1 billion to $154.7 billion due to the same period-end factors discussed above except that accumulated OCI increased due to the fair value adjustment related to our investment in China Construction Bank (CCB).

Table of Contents

*Table 4*
***Selected Quarterly Financial Data***

| (Dollars in millions, except per share information) | 2008 Quarter First | 2007 Quarters Fourth | Third | Second | First |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net interest income | **$9,991** | $9,164 | $8,615 | $8,386 | $8,268 |
| Noninterest income | **7,012** | 3,508 | 7,314 | 11,177 | 9,887 |
| Total revenue, net of interest expense | **17,003** | 12,672 | 15,929 | 19,563 | 18,155 |
| Provision for credit losses | **6,010** | 3,310 | 2,030 | 1,810 | 1,235 |
| Noninterest expense, before merger and restructuring charges | **9,025** | 10,137 | 8,459 | 9,018 | 8,986 |
| Merger and restructuring charges | **170** | 140 | 84 | 75 | 111 |
| Income (loss) before income taxes | **1,798** | (915) | 5,356 | 8,660 | 7,823 |
| Income tax expense (benefit) | **588** | (1,183) | 1,658 | 2,899 | 2,568 |
| Net income | **$1,210** | $268 | $3,698 | $5,761 | $5,255 |
| Average common shares issued and outstanding (in thousands) | **4,427,823** | 4,421,554 | 4,420,616 | 4,419,246 | 4,432,664 |
| Average diluted common shares issued and outstanding (in thousands) | **4,461,201** | 4,470,108 | 4,475,917 | 4,476,799 | 4,497,028 |
| **Performance ratios** | | | | | |
| Return on average assets | **0.28%** | 0.06% | 0.93% | 1.48% | 1.40% |
| Return on average common shareholders' equity | **2.90** | 0.60 | 11.02 | 17.55 | 16.16 |
| Return on tangible shareholders' equity [1] | **6.31** | 1.60 | 21.90 | 34.06 | 31.39 |
| Total ending equity to total ending assets | **9.00** | 8.56 | 8.77 | 8.85 | 8.98 |
| Total average equity to total average assets | **8.77** | 8.32 | 8.51 | 8.55 | 8.78 |
| Dividend payout | **n/m** | n/m | 77.97 | 43.60 | 48.02 |
| **Per common share data** | | | | | |
| Earnings | **$0.23** | $0.05 | $0.83 | $1.29 | $1.18 |
| Diluted earnings | **0.23** | 0.05 | 0.82 | 1.28 | 1.16 |
| Dividends paid | **0.64** | 0.64 | 0.64 | 0.56 | 0.56 |
| Book value | **31.22** | 32.09 | 30.45 | 29.95 | 29.74 |
| **Market price per share of common stock** | | | | | |
| Closing | **$37.91** | $41.26 | $50.27 | $48.89 | $51.02 |
| High closing | **45.03** | 52.71 | 51.87 | 51.82 | 54.05 |
| Low closing | **35.31** | 41.10 | 47.00 | 48.80 | 49.46 |
| **Market capitalization** | **$168,806** | $183,107 | $223,041 | $216,922 | $226,481 |
| **Average balance sheet** | | | | | |
| Total loans and leases | **$875,661** | $868,119 | $780,516 | $740,199 | $714,042 |
| Total assets | **1,764,927** | 1,742,467 | 1,580,565 | 1,561,649 | 1,521,418 |
| Total deposits | **787,623** | 781,625 | 702,481 | 697,035 | 686,704 |
| Long-term debt | **198,463** | 196,444 | 175,265 | 158,500 | 148,627 |
| Common shareholders' equity | **141,456** | 141,085 | 131,606 | 130,700 | 130,737 |
| Total shareholders' equity | **154,728** | 144,924 | 134,487 | 133,551 | 133,588 |
| **Asset Quality** | | | | | |
| Allowance for credit losses [2] | **$15,398** | $12,106 | $9,927 | $9,436 | $9,106 |
| Nonperforming assets measured at historical cost | **7,827** | 5,948 | 3,372 | 2,392 | 2,059 |
| Allowance for loan and lease losses as a percentage of total loans and leases outstanding measured at historical cost [3] | **1.71%** | 1.33% | 1.21% | 1.20% | 1.21% |
| Allowance for loan and lease losses as a percentage of total nonperforming loans and leases measured at historical cost | **203** | 207 | 300 | 397 | 443 |
| Net charge-offs | **$2,715** | $1,985 | $1,573 | $1,495 | $1,427 |
| Annualized net charge-offs as a percentage of average loans and leases outstanding measured at historical cost [3] | **1.25%** | 0.91% | 0.80% | 0.81% | 0.81% |
| Nonperforming loans and leases as a percentage of total loans and leases outstanding measured at historical cost [3] | **0.84** | 0.64 | 0.40 | 0.30 | 0.27 |
| Nonperforming assets as a percentage of total loans, leases and foreclosed properties [3] | **0.90** | 0.68 | 0.43 | 0.32 | 0.29 |
| Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs | **1.36** | 1.47 | 1.53 | 1.51 | 1.51 |
| **Capital ratios (period end)** | | | | | |
| Risk-based capital: | | | | | |
| Tier 1 | **7.51%** | 6.87% | 8.22% | 8.52% | 8.57% |
| Total | **11.71** | 11.02 | 11.86 | 12.11 | 11.94 |
| Tier 1 Leverage | **5.61** | 5.04 | 6.20 | 6.33 | 6.25 |

(1) Tangible shareholders' equity is a non-GAAP measure. For additional information on ROTE and a corresponding reconciliation of tangible shareholders' equity to a GAAP financial measure, see Supplemental Financial Data beginning on page 50.
(2) Includes the allowance for loan and lease losses, and the reserve for unfunded lending commitments.
(3) Ratios do not include loans measured at fair value in accordance with SFAS 159.
n/m = not meaningful

## Supplemental Financial Data

Table 5 provides a reconciliation of the supplemental financial data mentioned below with financial measures defined by GAAP. Other companies may define or calculate supplemental financial data differently.

### *Operating Basis Presentation*

In managing our business, we may at times look at performance excluding certain nonrecurring items. For example, as an alternative to net income, we view results on an operating basis, which represents net income excluding merger and restructuring charges. The operating basis of presentation is not defined by GAAP. We believe that the exclusion of merger and restructuring charges, which represent events outside our normal operations, provides a meaningful period-to-period comparison and is more reflective of normalized operations.

### *Net Interest Income - FTE Basis*

In addition, we view net interest income and related ratios and analysis (i.e., efficiency ratio, net interest yield and operating leverage) on a FTE basis. Although this is a non-GAAP measure, we believe managing the business with net interest income on a FTE basis provides a more accurate picture of the interest margin for comparative purposes. To derive the FTE basis, net interest income is adjusted to reflect tax-exempt income on an equivalent before-tax basis with a corresponding increase in income tax expense. For purposes of this calculation, we use the federal statutory tax rate of 35 percent. This measure ensures comparability of net interest income arising from taxable and tax-exempt sources.

### *Performance Measures*

As mentioned above, certain performance measures including the efficiency ratio, net interest yield and operating leverage utilize net interest income (and thus total revenue) on a FTE basis. The efficiency ratio measures the costs expended to generate a dollar of revenue, and net interest yield evaluates how many basis points we are earning over the cost of funds. Operating leverage measures the total percentage revenue growth minus the total percentage expense growth for the corresponding period. During our annual integrated planning process, we set operating leverage and efficiency targets for the Corporation and each line of business. We believe the use of these non-GAAP measures provides additional clarity in assessing our results. Targets vary by year and by business, and are based on a variety of factors including maturity of the business, investment appetite, competitive environment, market factors, and other items (e.g., risk appetite). The aforementioned performance measures and ratios, return on average assets and dividend payout ratio, as well as those measures discussed more fully below, are presented in Table 5.

### *Return on Average Common Shareholders' Equity and Return on Average Tangible Shareholders' Equity*

We also evaluate our business based upon ROE and ROTE measures. ROE and ROTE utilize non-GAAP allocation methodologies. ROE measures the earnings contribution of a unit as a percentage of the shareholders' equity allocated to that unit. ROTE measures our earnings contribution as a percentage of shareholders' equity reduced by goodwill. These measures are used to evaluate our use of equity (i.e., capital) at the individual unit level and are integral components in the analytics for resource allocation. In addition, profitability, relationship, and investment models all use ROE as key measures to support our overall growth goal.

Table of Contents

***Table 5***
***Supplemental Financial Data and Reconciliations to GAAP Financial Measures***

| (Dollars in millions) | Three Months Ended March 31 2008 | 2007 |
|---|---|---|
| **Operating basis** | | |
| Operating earnings | **$1,317** | $5,325 |
| Return on average assets | **0.30%** | 1.42% |
| Return on average common shareholders' equity | **3.20** | 16.38 |
| Return on average tangible shareholders' equity | **6.87** | 31.81 |
| Operating efficiency ratio (FTE basis) | **52.15** | 48.62 |
| Dividend payout ratio | **n/m** | 47.39 |
| Operating leverage (FTE basis) | **(6.82)** | 1.13 |
| **FTE basis data** | | |
| Net interest income | **$10,291** | $8,597 |
| Total revenue, net of interest expense | **17,303** | 18,484 |
| Net interest yield | **2.73%** | 2.61% |
| Efficiency ratio | **53.13** | 49.22 |
| **Reconciliation of net income to operating earnings** | | |
| Net income | **$1,210** | $5,255 |
| Merger and restructuring charges | **170** | 111 |
| Related income tax benefit | **(63)** | (41) |
| Operating earnings | **$1,317** | $5,325 |
| **Reconciliation of average shareholders' equity to average tangible shareholders' equity** | | |
| Average shareholders' equity | **$154,728** | $133,588 |
| Average goodwill | **(77,628)** | (65,703) |
| Average tangible shareholders' equity | **$77,100** | $67,885 |
| **Reconciliation of return on average assets to operating return on average assets** | | |
| Return on average assets | **0.28%** | 1.40% |
| Effect of merger and restructuring charges, net-of-tax | **0.02** | 0.02 |
| Operating return on average assets | **0.30%** | 1.42% |
| **Reconciliation of return on average common shareholders' equity to operating return on average common shareholders' equity** | | |
| Return on average common shareholders' equity | **2.90%** | 16.16% |
| Effect of merger and restructuring charges, net-of-tax | **0.30** | 0.22 |
| Operating return on average common shareholders' equity | **3.20%** | 16.38% |
| **Reconciliation of return on average tangible shareholders' equity to operating return on average tangible shareholders' equity** | | |
| Return on average tangible shareholders' equity | **6.31%** | 31.39% |
| Effect of merger and restructuring charges, net-of-tax | **0.56** | 0.42 |
| Operating return on average tangible shareholders' equity | **6.87%** | 31.81% |
| **Reconciliation of efficiency ratio to operating efficiency ratio (FTE basis)** | | |
| Efficiency ratio | **53.13%** | 49.22% |
| Effect of merger and restructuring charges | **(0.98)** | (0.60) |
| Operating efficiency ratio | **52.15%** | 48.62% |
| **Reconciliation of dividend payout ratio to operating dividend payout ratio** | | |
| Dividend payout ratio | **n/m** | 48.02% |
| Effect of merger and restructuring charges, net-of-tax | **n/m** | (0.63) |
| Operating dividend payout ratio | **n/m** | 47.39% |
| **Reconciliation of operating leverage to operating basis operating leverage (FTE basis)** | | |
| Operating leverage | **(7.46)%** | 1.00% |
| Effect of merger and restructuring charges | **0.64** | 0.13 |
| Operating leverage | **(6.82)%** | 1.13% |

n/m = not meaningful

### *Core Net Interest Income – Managed Basis*

We manage core net interest income—managed basis, which adjusts reported net interest income on a FTE basis for the impact of market-based activities and certain securitizations, net of retained securities. As discussed in the *GCIB* business segment section beginning on page 63, we evaluate our market-based results and strategies on a total market-based revenue approach by combining net interest income and noninterest income for *CMAS.* We also adjust for loans that we originated and subsequently sold into certain securitizations. These securitizations include off-balance sheet loans and leases, primarily credit card securitizations where servicing is retained by the Corporation, but excludes first mortgage securitizations. Noninterest income, rather than net interest income and provision for credit losses, is recorded for assets that have been securitized as we are compensated for servicing the securitized assets and record servicing income and gains or losses on securitizations, where appropriate. We believe the use of this non-GAAP presentation provides additional clarity in managing our results. An analysis of core net interest income – managed basis, core average earning assets – managed basis and core net interest yield on earning assets – managed basis, which adjusts for the impact of these two non-core items from reported net interest income on a FTE basis, is shown below.

***Table 6***

***Core Net Interest Income – Managed Basis***

| (Dollars in millions) | Three Months Ended March 31 **2008** | 2007 |
|---|---|---|
| **Net interest income** [1] | | |
| As reported | **$10,291** | $8,597 |
| Impact of market-based net interest income [2] | **(1,308)** | (481) |
| Core net interest income | **8,983** | 8,116 |
| Impact of securitizations [3] | **2,090** | 1,859 |
| **Core net interest income – managed basis** | **$11,073** | $9,975 |
| **Average earning assets** | | |
| As reported | **$1,510,295** | $1,321,946 |
| Impact of market-based earning assets [2] | **(403,403)** | (409,291) |
| Core average earning assets | **1,106,892** | 912,655 |
| Impact of securitizations | **102,577** | 102,529 |
| **Core average earning assets – managed basis** | **$1,209,469** | $1,015,184 |
| **Net interest yield contribution** [1, 4] | | |
| As reported | **2.73 %** | 2.61 % |
| Impact of market-based activities [2] | **0.52** | 0.96 |
| Core net interest yield on earning assets | **3.25** | 3.57 |
| Impact of securitizations | **0.42** | 0.38 |
| **Core net interest yield on earning assets – managed basis** | **3.67 %** | 3.95 % |

(1) FTE basis
(2) Represents the impact of market-based amounts included in the *CMAS* business within *GCIB*. For the three months ended March 31, 2008, the impact of market-based net interest income excludes $27 million of net interest income on loans that are accounted for at fair value in accordance with SFAS 159.
(3) Represents the impact of securitizations utilizing actual bond costs. This is different from the segment view which utilizes funds transfer pricing methodologies.
(4) Calculated on an annualized basis.

Core net interest income on a managed basis increased $1.1 billion for the three months ended March 31, 2008 compared to the same period in 2007. The increase was driven by higher consumer and commercial loan levels from organic growth, the positive impact of the LaSalle acquisition, and increased hedge income. These increases were partially offset by the impact of competitive deposit pricing in the industry, primarily consumer time deposits, as well as the lagged effect of repricing our deposit products in a decreasing rate environment and a shift in funding mix.

On a managed basis, core average earning assets increased $194.3 billion for the three months ended March 31, 2008 compared to the same period in 2007 due to higher levels of managed loans, increased levels from ALM activities and the impact of the LaSalle acquisition.

Core net interest yield on a managed basis decreased 28 bps to 3.67 percent for the three months ended March 31, 2008 compared to the same period in 2007 and was driven by competitively pricing our deposits in a decreasing rate environment, the impact of the funding of the LaSalle acquisition and a shift in the funding mix.

Table of Contents

*Table 7*
***Quarterly Average Balances and Interest Rates - FTE Basis***

| (Dollars in millions) | First Quarter 2008 Average Balance | First Quarter 2008 Interest Income/ Expense | First Quarter 2008 Yield/ Rate | | Fourth Quarter 2007 Average Balance | Fourth Quarter 2007 Interest Income/ Expense | Fourth Quarter 2007 Yield/ Rate | |
|---|---|---|---|---|---|---|---|---|
| **Earning assets** | | | | | | | | |
| Time deposits placed and other short-term investments | **$10,596** | **$94** | **3.56** | **%** | $10,459 | $122 | 4.63 | % |
| Federal funds sold and securities purchased under agreements to resell | **145,043** | **1,208** | **3.34** | | 151,938 | 1,748 | 4.59 | |
| Trading account assets | **192,410** | **2,417** | **5.04** | | 190,700 | 2,422 | 5.06 | |
| Debt securities (1) | **219,377** | **2,835** | **5.17** | | 206,873 | 2,795 | 5.40 | |
| Loans and leases (2): | | | | | | | | |
| Residential mortgage | **270,541** | **3,837** | **5.68** | | 277,058 | 3,972 | 5.73 | |
| Credit card – domestic | **63,277** | **1,774** | **11.28** | | 60,063 | 1,781 | 11.76 | |
| Credit card – foreign | **15,241** | **474** | **12.51** | | 14,329 | 464 | 12.86 | |
| Home equity | **116,562** | **1,872** | **6.46** | | 112,369 | 2,043 | 7.21 | |
| Direct/Indirect consumer (3) | **78,941** | **1,699** | **8.65** | | 75,426 | 1,658 | 8.72 | |
| Other consumer (4) | **3,813** | **87** | **9.14** | | 3,918 | 71 | 7.24 | |
| Total consumer | **548,375** | **9,743** | **7.13** | | 543,163 | 9,989 | 7.32 | |
| Commercial – domestic | **212,394** | **3,198** | **6.06** | | 213,200 | 3,704 | 6.89 | |
| Commercial real estate (5) | **62,202** | **887** | **5.74** | | 59,702 | 1,053 | 6.99 | |
| Commercial lease financing | **22,227** | **261** | **4.69** | | 22,239 | 574 | 10.33 | |
| Commercial – foreign | **30,463** | **387** | **5.11** | | 29,815 | 426 | 5.67 | |
| Total commercial | **327,286** | **4,733** | **5.81** | | 324,956 | 5,757 | 7.03 | |
| Total loans and leases | **875,661** | **14,476** | **6.64** | | 868,119 | 15,746 | 7.21 | |
| Other earning assets | **67,208** | **1,129** | **6.75** | | 74,909 | 1,296 | 6.89 | |
| **Total earning assets (6)** | **1,510,295** | **22,159** | **5.89** | | 1,502,998 | 24,129 | 6.39 | |
| Cash and cash equivalents | **33,949** | | | | 33,714 | | | |
| Other assets, less allowance for loan and lease losses | **220,683** | | | | 205,755 | | | |
| **Total assets** | **$1,764,927** | | | | $1,742,467 | | | |
| **Interest-bearing liabilities** | | | | | | | | |
| Domestic interest-bearing deposits: | | | | | | | | |
| Savings | **$31,798** | **$50** | **0.63** | **%** | $31,961 | $50 | 0.63 | % |
| NOW and money market deposit accounts | **248,949** | **1,139** | **1.84** | | 240,914 | 1,334 | 2.20 | |
| Consumer CDs and IRAs | **188,005** | **2,071** | **4.43** | | 183,910 | 2,179 | 4.70 | |
| Negotiable CDs, public funds and other time deposits | **32,201** | **320** | **4.00** | | 34,997 | 420 | 4.76 | |
| Total domestic interest-bearing deposits | **500,953** | **3,580** | **2.87** | | 491,782 | 3,983 | 3.21 | |
| Foreign interest-bearing deposits: | | | | | | | | |
| Banks located in foreign countries | **39,196** | **400** | **4.10** | | 45,050 | 557 | 4.91 | |
| Governments and official institutions | **14,650** | **132** | **3.62** | | 16,506 | 192 | 4.62 | |
| Time, savings and other | **53,064** | **476** | **3.61** | | 51,919 | 521 | 3.98 | |
| Total foreign interest-bearing deposits | **106,910** | **1,008** | **3.79** | | 113,475 | 1,270 | 4.44 | |
| Total interest-bearing deposits | **607,863** | **4,588** | **3.04** | | 605,257 | 5,253 | 3.44 | |
| Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings | **452,854** | **4,142** | **3.68** | | 456,530 | 5,599 | 4.87 | |
| Trading account liabilities | **82,432** | **840** | **4.10** | | 81,500 | 825 | 4.02 | |
| Long-term debt | **198,463** | **2,298** | **4.63** | | 196,444 | 2,638 | 5.37 | |
| **Total interest-bearing liabilities (6)** | **1,341,612** | **11,868** | **3.55** | | 1,339,731 | 14,315 | 4.25 | |
| Noninterest-bearing sources: | | | | | | | | |
| Noninterest-bearing deposits | **179,760** | | | | 176,368 | | | |
| Other liabilities | **88,827** | | | | 81,444 | | | |
| Shareholders' equity | **154,728** | | | | 144,924 | | | |
| **Total liabilities and shareholders' equity** | **$1,764,927** | | | | $1,742,467 | | | |
| Net interest spread | | | **2.34** | **%** | | | 2.14 | % |
| Impact of noninterest-bearing sources | | | **0.39** | | | | 0.47 | |
| **Net interest income/yield on earning assets** | | **$10,291** | **2.73** | **%** | | $9,814 | 2.61 | % |

(1) Yields on AFS debt securities are calculated based on fair value rather than historical cost balances. The use of fair value does not have a material impact on net interest yield.
(2) Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is recognized on a cash basis.
(3) Includes foreign consumer loans of $3.3 billion in the first quarter of 2008, and $3.6 billion, $3.8 billion, $3.9 billion and $3.9 billion in the fourth, third, second and first quarters of 2007, respectively.
(4) Includes consumer finance loans of $3.0 billion in the first quarter of 2008, and $3.1 billion, $3.2 billion, $3.4 billion and $3.0 billion in the fourth, third, second and first quarters of 2007, respectively; and other foreign consumer loans of $857 million in the first quarter of 2008, and $845 million, $843 million, $775 million and $1.9 billion in the fourth, third, second and first quarters of 2007, respectively.
(5) Includes domestic commercial real estate loans of $61.0 billion of the first quarter of 2008, and $58.5 billion, $38.0 billion, $36.2 billion and $35.5 billion in the fourth, third, second and first quarters of 2007, respectively.
(6) Interest income includes the impact of interest rate risk management contracts, which decreased interest income on assets $103 million in the first quarter of 2008, and $134 million, $170 million, $117 million and $121 million in the fourth, third, second and first quarters of 2007, respectively. Interest expense includes the impact of interest rate risk management contracts, which increased interest expense on liabilities $49 million in the first quarter of 2008, and $201 million, $226 million, $207 million and $179 million in the fourth, third, second and first quarters of 2007, respectively. For further information on interest rate contracts, see Interest Rate Risk Management for Nontrading Activities beginning on page 124.

Table of Contents

***Quarterly Average Balances and Interest Rates –FTE Basis (continued)***

| (Dollars in millions) | Third Quarter 2007 Average Balance | Third Quarter 2007 Interest Income/ Expense | Third Quarter 2007 Yield/ Rate | Second Quarter 2007 Average Balance | Second Quarter 2007 Interest Income/ Expense | Second Quarter 2007 Yield/ Rate | First Quarter 2007 Average Balance | First Quarter 2007 Interest Income/ Expense | First Quarter 2007 Yield/ Rate |
|---|---|---|---|---|---|---|---|---|---|
| **Earning assets** | | | | | | | | | |
| Time deposits placed and other short-term investments | $11,879 | $148 | 4.92 % | $15,310 | $188 | 4.92 % | $15,023 | $169 | 4.57 % |
| Federal funds sold and securities purchased under agreements to resell | 139,259 | 1,839 | 5.27 | 166,258 | 2,156 | 5.19 | 166,195 | 1,979 | 4.79 |
| Trading account assets | 194,661 | 2,604 | 5.33 | 188,287 | 2,364 | 5.03 | 175,249 | 2,357 | 5.41 |
| Debt securities (1) | 174,568 | 2,380 | 5.45 | 177,834 | 2,394 | 5.39 | 186,498 | 2,451 | 5.27 |
| Loans and leases (2): | | | | | | | | | |
| Residential mortgage | 274,385 | 3,928 | 5.72 | 260,099 | 3,708 | 5.70 | 246,618 | 3,504 | 5.69 |
| Credit card – domestic | 57,491 | 1,780 | 12.29 | 56,235 | 1,777 | 12.67 | 57,720 | 1,887 | 13.26 |
| Credit card – foreign | 11,995 | 371 | 12.25 | 11,946 | 350 | 11.76 | 11,133 | 317 | 11.55 |
| Home equity | 98,611 | 1,884 | 7.58 | 94,267 | 1,779 | 7.57 | 89,559 | 1,679 | 7.60 |
| Direct/Indirect consumer (3) | 73,245 | 1,600 | 8.67 | 68,175 | 1,441 | 8.48 | 64,038 | 1,303 | 8.25 |
| Other consumer (4) | 4,055 | 96 | 9.47 | 4,153 | 100 | 9.71 | 4,928 | 122 | 9.93 |
| Total consumer | 519,782 | 9,659 | 7.39 | 494,875 | 9,155 | 7.41 | 473,996 | 8,812 | 7.50 |
| Commercial – domestic | 176,554 | 3,207 | 7.21 | 166,529 | 3,039 | 7.32 | 163,620 | 2,934 | 7.27 |
| Commercial real estate (5) | 38,977 | 733 | 7.47 | 36,788 | 687 | 7.49 | 36,117 | 672 | 7.55 |
| Commercial lease financing | 20,044 | 246 | 4.91 | 19,784 | 217 | 4.40 | 19,651 | 175 | 3.55 |
| Commercial – foreign | 25,159 | 377 | 5.95 | 22,223 | 319 | 5.75 | 20,658 | 330 | 6.48 |
| Total commercial | 260,734 | 4,563 | 6.95 | 245,324 | 4,262 | 6.97 | 240,046 | 4,111 | 6.94 |
| Total loans and leases | 780,516 | 14,222 | 7.25 | 740,199 | 13,417 | 7.26 | 714,042 | 12,923 | 7.31 |
| Other earning assets | 74,912 | 1,215 | 6.46 | 70,311 | 1,108 | 6.31 | 64,939 | 1,010 | 6.28 |
| **Total earning assets (6)** | 1,375,795 | 22,408 | 6.48 | 1,358,199 | 21,627 | 6.38 | 1,321,946 | 20,889 | 6.37 |
| Cash and cash equivalents | 31,356 | | | 33,689 | | | 33,623 | | |
| Other assets, less allowance for loan and lease losses | 173,414 | | | 169,761 | | | 165,849 | | |
| **Total assets** | $1,580,565 | | | $1,561,649 | | | $1,521,418 | | |
| **Interest-bearing liabilities** | | | | | | | | | |
| Domestic interest-bearing deposits: | | | | | | | | | |
| Savings | $31,510 | $50 | 0.62 % | $33,039 | $47 | 0.58 % | $32,773 | $41 | 0.50 % |
| NOW and money market deposit accounts | 215,078 | 1,104 | 2.04 | 212,330 | 987 | 1.86 | 212,249 | 936 | 1.79 |
| Consumer CDs and IRAs | 165,840 | 1,949 | 4.66 | 161,703 | 1,857 | 4.61 | 159,505 | 1,832 | 4.66 |
| Negotiable CDs, public funds and other time deposits | 17,392 | 227 | 5.20 | 16,256 | 191 | 4.70 | 13,376 | 136 | 4.12 |
| Total domestic interest-bearing deposits | 429,820 | 3,330 | 3.07 | 423,328 | 3,082 | 2.92 | 417,903 | 2,945 | 2.86 |
| Foreign interest-bearing deposits: | | | | | | | | | |
| Banks located in foreign countries | 43,727 | 564 | 5.12 | 41,940 | 522 | 4.99 | 40,372 | 531 | 5.34 |
| Governments and official institutions | 17,206 | 218 | 5.03 | 17,868 | 224 | 5.02 | 14,482 | 178 | 4.98 |
| Time, savings and other | 41,868 | 433 | 4.09 | 40,335 | 433 | 4.31 | 39,534 | 380 | 3.90 |
| Total foreign interest-bearing deposits | 102,801 | 1,215 | 4.69 | 100,143 | 1,179 | 4.72 | 94,388 | 1,089 | 4.68 |
| Total interest-bearing deposits | 532,621 | 4,545 | 3.39 | 523,471 | 4,261 | 3.27 | 512,291 | 4,034 | 3.19 |
| Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings | 409,070 | 5,521 | 5.36 | 419,260 | 5,537 | 5.30 | 414,104 | 5,318 | 5.20 |
| Trading account liabilities | 86,118 | 906 | 4.17 | 85,550 | 821 | 3.85 | 77,635 | 892 | 4.66 |
| Long-term debt | 175,265 | 2,446 | 5.58 | 158,500 | 2,227 | 5.62 | 148,627 | 2,048 | 5.51 |
| **Total interest-bearing liabilities (6)** | 1,203,074 | 13,418 | 4.43 | 1,186,781 | 12,846 | 4.34 | 1,152,657 | 12,292 | 4.31 |
| Noninterest-bearing sources: | | | | | | | | | |
| Noninterest-bearing deposits | 169,860 | | | 173,564 | | | 174,413 | | |
| Other liabilities | 73,144 | | | 67,753 | | | 60,760 | | |
| Shareholders' equity | 134,487 | | | 133,551 | | | 133,588 | | |
| **Total liabilities and shareholders' equity** | $1,580,565 | | | $1,561,649 | | | $1,521,418 | | |
| Net interest spread | | | 2.05 % | | | 2.04 % | | | 2.06 % |
| Impact of noninterest-bearing sources | | | 0.56 | | | 0.55 | | | 0.55 |
| **Net interest income/yield on earning assets** | | $8,990 | 2.61 % | | $8,781 | 2.59 % | | $8,597 | 2.61 % |

For Footnotes, see page 54.

## Business Segment Operations

### *Segment Description*

We report the results of our operations through three business segments: *GCSBB, GCIB* and *GWIM*, with the remaining operations recorded in *All Other.* Certain prior period amounts have been reclassified to conform to current period presentation. For more information on our basis of presentation, selected financial information for the business segments and reconciliations to consolidated total revenue and net income, see *Note 16 – Business Segment Information* to the Consolidated Financial Statements.

### *Basis of Presentation*

We prepare and evaluate segment results using certain non-GAAP methodologies and performance measures, many of which are discussed in Supplemental Financial Data beginning on page 50. We begin by evaluating the operating results of the businesses which by definition excludes merger and restructuring charges. The segment results also reflect certain revenue and expense methodologies which are utilized to determine net income. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics.

The management accounting reporting process derives segment and business results by utilizing allocation methodologies for revenue, expense and capital. The net income derived for the businesses is dependent upon revenue and cost allocations using an activity-based costing model, funds transfer pricing, and other methodologies and assumptions management believes are appropriate to reflect the results of the business.

Our ALM activities maintain an overall interest rate risk management strategy that incorporates the use of interest rate contracts to manage fluctuations in earnings that are caused by interest rate volatility. Our goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect net interest income. The results of the business segments will fluctuate based on the performance of corporate ALM activities. Some ALM activities are recorded in the businesses (e.g., *Deposits*) such as external product pricing decisions, including deposit pricing strategies, as well as the effects of our internal funds transfer pricing process. The net effects of other ALM activities are reported in each of our segments under *ALM/Other*. In addition, certain residual impacts of the funds transfer pricing process are retained in *All Other.*

Certain expenses not directly attributable to a specific business segment are allocated to the segments based on pre-determined means. The most significant of these expenses include data processing costs, item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain centralized or shared functions are allocated based on methodologies which reflect utilization.

Equity is allocated to business segments and related businesses using a risk-adjusted methodology incorporating each unit's credit, market, interest rate and operational risk components. The Corporation as a whole benefits from risk diversification across the different businesses. This benefit is reflected as a reduction to allocated equity for each segment and is recorded in *ALM/Other*. The nature of these risks is discussed further beginning on page 87. Average equity is allocated to the business segments and related businesses, and is impacted by the portion of goodwill that is specifically assigned to the businesses and the unallocated portion of goodwill that resides in *ALM/Other*.

Table of Contents

## Global Consumer and Small Business Banking

| (Dollars in millions) | Total [1] | Deposits | Card Services [1] | Consumer Real Estate | ALM/ Other |
|---|---|---|---|---|---|
| | | Three Months Ended March 31, 2008 | | | |
| Net interest income [2] | **$7,684** | **$1,967** | **$4,573** | **$633** | **$511** |
| Noninterest income: | | | | | |
| Card income | **2,725** | **561** | **2,163** | **1** | **-** |
| Service charges | **1,566** | **1,564** | **-** | **2** | **-** |
| Mortgage banking income | **656** | **-** | **-** | **656** | **-** |
| All other income (loss) | **675** | **(2)** | **596** | **15** | **66** |
| Total noninterest income | **5,622** | **2,123** | **2,759** | **674** | **66** |
| Total revenue, net of interest expense | **13,306** | **4,090** | **7,332** | **1,307** | **577** |
| Provision for credit losses [3] | **6,452** | **80** | **4,312** | **1,897** | **163** |
| Noninterest expense | **5,139** | **2,435** | **1,964** | **640** | **100** |
| Income (loss) before income taxes | **1,715** | **1,575** | **1,056** | **(1,230)** | **314** |
| Income tax expense (benefit) [2] | **625** | **580** | **386** | **(457)** | **116** |
| **Net income (loss)** | **$1,090** | **$995** | **$670** | **$(773)** | **$198** |
| Net interest yield [2] | **8.25 %** | **2.39 %** | **8.01 %** | **2.01 %** | **n/m** |
| Return on average equity [4] | **6.64** | **24.03** | **5.86** | **(68.62)** | **n/m** |
| Efficiency ratio [2] | **38.62** | **59.54** | **26.79** | **48.96** | **n/m** |
| Period end – total assets [5] | **$437,237** | **$360,483** | **$256,962** | **$133,113** | **n/m** |

| (Dollars in millions) | Total [1] | Deposits | Card Services [1] | Consumer Real Estate | ALM/ Other |
|---|---|---|---|---|---|
| | | Three Months Ended March 31, 2007 | | | |
| Net interest income [2] | $7,004 | $2,367 | $3,975 | $524 | $138 |
| Noninterest income: | | | | | |
| Card income | 2,381 | 499 | 1,880 | 2 | - |
| Service charges | 1,377 | 1,376 | - | 1 | - |
| Mortgage banking income | 302 | - | - | 302 | - |
| All other income (loss) | 267 | (1) | 192 | 4 | 72 |
| Total noninterest income | 4,327 | 1,874 | 2,072 | 309 | 72 |
| Total revenue, net of interest expense | 11,331 | 4,241 | 6,047 | 833 | 210 |
| Provision for credit losses [3] | 2,411 | 39 | 2,299 | 30 | 43 |
| Noninterest expense | 4,675 | 2,108 | 2,003 | 477 | 87 |
| Income before income taxes | 4,245 | 2,094 | 1,745 | 326 | 80 |
| Income tax expense [2] | 1,573 | 776 | 646 | 121 | 30 |
| **Net income** | $2,672 | $1,318 | $1,099 | $205 | $50 |
| Net interest yield [2] | 8.12 % | 3.05 % | 7.98 % | 2.13 % | n/m |
| Return on average equity [4] | 17.62 | 35.79 | 10.31 | 23.33 | n/m |
| Efficiency ratio [2] | 41.26 | 49.71 | 33.13 | 57.24 | n/m |
| Period end – total assets [5] | $409,883 | $344,727 | $232,386 | $106,259 | n/m |

(1) Presented on a managed basis, specifically *Card Services*.

(2) FTE basis

(3) Represents provision for credit losses on held loans combined with realized credit losses associated with the securitized loan portfolio.

(4) Average allocated equity for *GCSBB* was $66.0 billion and $61.5 billion for the three months ended March 31, 2008 and 2007.

(5) Total assets include asset allocations to match liabilities (i.e., deposits).

n/m = not meaningful

Table of Contents

| (Dollars in millions) | Ending Balance March 31 2008 | Ending Balance March 31 2007 | Average Balance Three Months Ended March 31 2008 | Average Balance Three Months Ended March 31 2007 |
|---|---|---|---|---|
| Total loans and leases | **$364,279** | $309,992 | **$363,001** | $308,105 |
| Total earning assets [(1)] | **383,874** | 354,183 | **374,409** | 349,672 |
| Total assets [(1)] | **437,237** | 409,883 | **428,756** | 403,463 |
| Total deposits | **349,606** | 334,918 | **343,436** | 326,480 |

(1) Total earning assets and total assets include asset allocations to match liabilities (i.e., deposits).

The strategy for *GCSBB* is to attract, retain and deepen customer relationships. We achieve this strategy through our ability to offer a wide range of products and services through a franchise that stretches coast to coast through 32 states and the District of Columbia. We also provide credit card products to customers in Canada, Ireland, Spain and the United Kingdom. In the U.S., we serve approximately 59 million consumer and small business relationships utilizing our network of 6,148 banking centers, 18,491 domestic branded ATMs, and telephone and Internet channels. Within *GCSBB*, there are three primary businesses: *Deposits*, *Card Services* and *Consumer Real Estate.* In addition, *ALM/Other* includes the results of ALM activities and other consumer-related businesses (e.g., insurance). *GCSBB*, specifically *Card Services*, is presented on a managed basis. For a reconciliation of managed *GCSBB* to held *GCSBB*, see *Note 16 – Business Segment Information* to the Consolidated Financial Statements.

Net income decreased $1.6 billion, or 59 percent, to $1.1 billion for the three months ended March 31, 2008 compared to the same period in 2007 as increases in noninterest income and net interest income were more than offset by higher provision for credit losses and noninterest expense.

Net interest income increased $680 million, or 10 percent, to $7.7 billion due to organic growth and the impact of the LaSalle acquisition on average loans and leases combined with higher contributions from our ALM activities due to our lower cost of wholesale funding. Partially offsetting these increases was the impact of competitive deposit pricing in the industry as well as the lagged effect of repricing our deposit products in a decreasing rate environment. Noninterest income increased $1.3 billion, or 30 percent, to $5.6 billion compared to the same period in 2007, mainly due to the $388 million gain related to *Card Services'* allocation of the Visa IPO, and higher mortgage banking income, card income and service charges.

Provision for credit losses increased $4.0 billion to $6.5 billion for the three months ended March 31, 2008 compared to the same period in 2007. This increase was driven by a $2.0 billion increase in *Card Services* and a $1.9 billion increase in *Consumer Real Estate*. For further discussion related to *Card Services* and *Consumer Real Estate*, see their respective discussions beginning on pages 59 and 61.

Noninterest expense increased $464 million, or 10 percent, to $5.1 billion largely due to the addition of LaSalle, higher account and transaction volumes related to deposit and card products, and increased personnel and technology costs partially offset by the reversal of certain Visa-related litigation costs associated with the completion of the Visa IPO.

### ***Deposits***

*Deposits* provides a comprehensive range of products to consumers and small businesses. Our products include traditional savings accounts, money market savings accounts, CDs and IRAs, and noninterest and interest-bearing checking accounts. Debit card results are also included in *Deposits*.

Deposit products provide a relatively stable source of funding and liquidity. We earn net interest spread revenues from investing this liquidity in earning assets through client-facing lending activity and our ALM activities. The revenue is allocated to the deposit products using our funds transfer pricing process which takes into account the interest rates and maturity characteristics of the deposits. Deposits also generate fees such as account service fees, non-sufficient fund fees, overdraft charges and ATM fees, while debit cards generate merchant interchange fees based on purchase volume.

We added approximately 557 thousand net new retail checking accounts for the three months ended March 31, 2008. These additions resulted from continued improvement in sales and service results in the Banking Center Channel and Online, and the success of such products as Keep the Change™, Risk Free CDs, Balance Rewards and Affinity.

We continue to migrate qualifying affluent customers and their related deposit balances from *GCSBB* to *GWIM*. For the three months ended March 31, 2008, a total of $7.1 billion of deposits, including $2.3 billion related to the one-time migration of legacy LaSalle accounts, were migrated from *GCSBB* to *GWIM* compared to $3.6 billion in 2007. After migration, the associated net interest income, service charges and noninterest expense are recorded in *GWIM*.

Net income decreased $323 million, or 25 percent, to $995 million during the three months ended March 31, 2008 compared to the same period in 2007 as an increase in noninterest income was more than offset by lower net interest income combined with higher noninterest expense. Net interest income decreased $400 million, or 17 percent, to $2.0 billion for the three months ended March 31, 2008 compared to the same period in 2007 due to the impact of competitive deposit pricing in the industry as well as the lagged effect of repricing our deposit products in a decreasing rate environment partially offset by growth in average deposits. Average deposits increased $16.5 billion, or five percent, due to the acquisition of LaSalle and organic growth partially offset by the migration of customer relationships and related deposit balances to *GWIM*. The increase in noninterest income was driven by higher service charges of $188 million, or 14 percent, primarily as a result of new demand deposit account growth and the addition of LaSalle. Additionally, debit card revenue growth of $62 million, or 12 percent, was due to a higher number of checking accounts, increased usage, market penetration (i.e., increase in the number of existing account holders with debit cards) and the addition of LaSalle.

Noninterest expense increased $327 million, or 16 percent, to $2.4 billion for the three months ended March 31, 2008 compared to the same period in 2007, primarily due to the addition of LaSalle, a higher number of accounts and transaction volumes.

## *Card Services*

*Card Services*, which excludes the results of debit cards (included in *Deposits*), provides a broad offering of products, including U.S. Consumer and Business Card, Unsecured Lending, and International Card. We offer a variety of co-branded and affinity credit card products and have become the leading issuer of credit cards through endorsed marketing in the U.S. and Europe.

The Corporation reports its *GCSBB* results, specifically *Card Services*, on a managed basis, which is consistent with the way that management evaluates the results of *GCSBB*. Managed basis assumes that securitized loans were not sold and presents earnings on these loans in a manner similar to the way loans that have not been sold (i.e., held loans) are presented. Loan securitization is an alternative funding process that is used by the Corporation to diversify funding sources. Loan securitization removes loans from the Consolidated Balance Sheet through the sale of loans to an off-balance sheet QSPE which is excluded from the Corporation's Consolidated Financial Statements in accordance with GAAP.

Securitized loans continue to be serviced by the business and are subject to the same underwriting standards and ongoing monitoring as held loans. In addition, excess servicing income is exposed to similar credit risk and repricing of interest rates as held loans.

Net income decreased $429 million, or 39 percent, to $670 million for the three months ended March 31, 2008 compared to same period in 2007 as growth in noninterest income and net interest income was more than offset by higher provision for credit losses.

Net interest income increased $598 million, or 15 percent, to $4.6 billion driven by higher managed average loans and leases of $28.0 billion, or 14 percent. Noninterest income grew $687 million, or 33 percent, to $2.8 billion for the three months ended March 31, 2008, compared to the same period in 2007, mainly due to the $388 million gain related to *Card Services'* allocation of the Visa IPO and an increase of $283 million in card income. Card income was impacted by a favorable change in the value of the interest-only strip and higher cash advance fees related to organic loan growth in domestic credit card and unsecured lending.

Provision for credit losses increased $2.0 billion to $4.3 billion for the three months ended March 31, 2008, compared to the same period in 2007, primarily driven by reserve increases and higher managed losses reflecting the impacts of the slowing economy and seasoning of portfolio growth. For further discussion, see Provision for Credit Losses beginning on page 115.

Noninterest expense remained relatively flat at $2.0 billion compared to 2007, as higher personnel-related expenses and technology related costs primarily driven by increased customer assistance and collection infrastructure were offset by the reversal of certain Visa-related litigation costs associated with the completion of the Visa IPO.

| **Key Statistics** (Dollars in millions) | Three Months Ended March 31 | |
|---|---|---|
| | **2008** | 2007 |
| **Card Services** | | |
| Average – total loans and leases: | | |
| Managed | **$229,147** | $201,166 |
| Held | **123,971** | 99,390 |
| Period end – total loans and leases: | | |
| Managed | **229,973** | 200,424 |
| Held | **122,126** | 98,061 |
| Managed net losses [1]: | | |
| Amount | **3,073** | 2,331 |
| Percent [3] | **5.39 %** | 4.70 % |
| **Credit Card** [2] | | |
| Average – total loans and leases: | | |
| Managed | **$183,694** | $167,392 |
| Held | **78,518** | 68,853 |
| Period end – total loans and leases: | | |
| Managed | **183,758** | 165,415 |
| Held | **75,911** | 65,920 |
| Managed net losses [1]: | | |
| Amount | **2,372** | 1,953 |
| Percent [3] | **5.19 %** | 4.73 % |

(1) Represents net charge-offs on held loans combined with realized credit losses associated with the securitized loan portfolio.
(2) Includes U.S. consumer card and foreign credit card. Does not include business card and unsecured lending.
(3) Ratios are calculated as annualized managed net losses divided by average outstanding managed loans and leases during the period.

The table above and the following discussion presents select key indicators for the *Card Services* and credit card portfolios.

Managed *Card Services* net losses increased $742 million to $3.1 billion, or 5.39 percent of average outstandings for the three months ended March 31, 2008, compared to $2.3 billion, or 4.70 percent in the same period in 2007. This increase was driven by portfolio seasoning, the impacts of a slowing economy and higher bankruptcies.

Managed *Card Services* total average loans and leases increased $28.0 billion to $229.1 billion for the three months ended March 31, 2008 compared to the same period in 2007, driven by growth primarily in the domestic card and unsecured lending portfolios.

Managed credit card net losses increased $419 million to $2.4 billion, or 5.19 percent of average credit card outstandings for the three months ended March 31, 2008, compared to $2.0 billion, or 4.73 percent for the same period in 2007. The increase was driven by the same factors as described above.

Managed credit card total average loans and leases increased $16.3 billion to $183.7 billion for the three months ended March 31, 2008 compared to the same period in 2007. The increase was driven by growth primarily in the domestic portfolio.

For more information on credit quality, see Consumer Portfolio Credit Risk Management beginning on page 93.

***Consumer Real Estate***

*Consumer Real Estate* generates revenue by providing an extensive line of consumer real estate products and services to customers nationwide. *Consumer Real Estate* products are available to our customers through a retail network of personal bankers located in 6,148 banking centers, mortgage loan officers in nearly 160 locations and through a sales force offering our customers direct telephone and online access to our products. *Consumer Real Estate* products include fixed and adjustable rate loans for home purchase and refinancing needs, reverse mortgages, lines of credit and home equity loans. Mortgage products are either sold into the secondary mortgage market to investors, while retaining the Bank of America customer relationships, or are held on our balance sheet for ALM purposes. *Consumer Real Estate* is not impacted by the Corporation's mortgage production retention decisions as *Consumer Real Estate* is compensated for the decision on a management accounting basis with a corresponding offset recorded in *All Other*.

The *Consumer Real Estate* business includes the origination, fulfillment, sale and servicing of first mortgage loan products, reverse mortgage products and home equity products. Servicing activities primarily include collecting cash for principal, interest and escrow payments from borrowers, disbursing customer draws for lines of credit and accounting for and remitting principal and interest payments to investors and escrow payments to third parties. Servicing income includes ancillary income derived in connection with these activities such as late fees.

Within *GCSBB*, the *Consumer Real Estate* first mortgage and home equity production were $18.0 billion and $13.8 billion for the three months ended March 31, 2008 compared to $20.6 billion and $17.3 billion during the same period in 2007.

*Consumer Real Estate* had a net loss of $773 million for the three months ended March 31, 2008, a $978 million decrease when compared to the same period in 2007, as growth in mortgage banking income and net interest income were more than offset by higher provision for credit losses and an increase in noninterest expense. Net interest income grew $109 million, or 21 percent, to $633 million and was driven by an increase in average loans and leases partially offset by spread compression. Average loans and leases increased $24.4 billion, or 26 percent due to growth in our home equity portfolio. Mortgage banking income grew $354 million due to an increased MSR valuation and higher production income driven by higher mortgage volume originated for distribution partially offset by the impact of widening credit spreads and illiquidity in the secondary market. Mortgage banking income also benefited from $90 million of income from the adoption of SAB 109. For more information on the adoption of SAB 109 on mortgage banking income, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements.

Provision for credit losses increased $1.9 billion for the three months ended March 31, 2008 compared to the same period in 2007. This increase was primarily driven by reserve increases for higher losses in the home equity portfolio, reflective of deterioration in the housing markets particularly in geographic areas that have experienced the most significant declines in home prices. Also contributing to the increase were home price declines that, coupled with the fact that most home equity loans are secured by second lien positions, significantly reduced and in some cases resulted in no collateral value after consideration of first lien positions. This drove more severe charge-offs as borrowers defaulted. To a lesser extent, seasoning, reflective of growth in the portfolio contributed to the increase in net charge-offs. For further discussion, see Provision for Credit Losses beginning on page 115.

Noninterest expense increased $163 million, or 34 percent, to $640 million compared to the same period in 2007, driven by costs associated with increased direct-to-consumer volume as well as higher volume originated for distribution.

The *Consumer Real Estate* servicing portfolio includes loans serviced for others, and originated and retained residential mortgages. The servicing portfolio at March 31, 2008 was $529.7 billion, $12.8 billion higher than at December 31, 2007, driven by production. Included in this amount was $267.8 billion of residential first mortgage loans serviced for others.

At March 31, 2008, the residential first mortgage MSR balance was $3.2 billion, an increase of $110 million, or four percent, from December 31, 2007. This value represented 118 bps of the related unpaid principal balance which remained unchanged from December 31, 2007.

***ALM/Other***

ALM/Other is comprised primarily of the allocation of a portion of the Corporation's net interest income from ALM activities and the results of other consumer-related businesses (e.g., insurance and certain noncard small business lending activities).

Net income increased $148 million for the three months ended March 31, 2008 compared to the same period in 2007 as higher contributions from ALM activities, which was due in part to investing the Corporation's deposits at profitable spreads, were offset by higher provision for credit losses. Provision for credit losses increased $120 million to $163 million for the three months ended March 31, 2008 compared to the same period in 2007. This increase was driven by higher losses in the small business lending portfolio managed outside of *Card Services* due to portfolio seasoning and the impacts of a slowing economy. For more information on the Corporation's small business commercial – domestic portfolio, see Commercial Portfolio Credit Risk Management beginning on page 102.

Table of Contents

## Global Corporate and Investment Banking

| (Dollars in millions) | Total | | Business Lending | | Capital Markets and Advisory Services (1) | | Treasury Services | | ALM/ Other |
|---|---|---|---|---|---|---|---|---|---|
| | Three Months Ended March 31, 2008 | | | | | | | | |
| Net interest income (2) | $3,599 | | $1,436 | | $1,335 | | $845 | | $(17) |
| Noninterest income: | | | | | | | | | |
| Service charges | 788 | | 136 | | 32 | | 619 | | 1 |
| Investment and brokerage services | 245 | | - | | 234 | | 11 | | - |
| Investment banking income | 665 | | - | | 665 | | - | | - |
| Trading account profits (losses) | (1,790) | | (198) | | (1,620) | | 18 | | 10 |
| All other income (loss) | (339) | | 262 | | (1,267) | | 643 | | 23 |
| Total noninterest income | (431) | | 200 | | (1,956) | | 1,291 | | 34 |
| Total revenue, net of interest expense | 3,168 | | 1,636 | | (621) | | 2,136 | | 17 |
| Provision for credit losses | 523 | | 523 | | (1) | | 1 | | - |
| Noninterest expense | 2,461 | | 576 | | 1,131 | | 746 | | 8 |
| Income (loss) before income taxes | 184 | | 537 | | (1,751) | | 1,389 | | 9 |
| Income tax expense (benefit) (2) | 69 | | 200 | | (648) | | 514 | | 3 |
| **Net income (loss)** | $115 | | $337 | | $(1,103) | | $875 | | $6 |
| Net interest yield (2) | 2.01 | % | 1.93 | % | n/m | | 2.32 | % | n/m |
| Return on average equity (3) | 0.78 | | 6.37 | | (24.13) | % | 44.79 | | n/m |
| Efficiency ratio (2) | 77.68 | | 35.21 | | n/m | | 34.93 | | n/m |
| Period end – total assets (4) | $791,962 | | $310,763 | | $422,484 | | $181,040 | | n/m |

| (Dollars in millions) | Total | | Business Lending | | Capital Markets and Advisory Services | | Treasury Services | | ALM/ Other |
|---|---|---|---|---|---|---|---|---|---|
| | Three Months Ended March 31, 2007 | | | | | | | | |
| Net interest income (2) | $2,422 | | $1,060 | | $481 | | $965 | | $(84) |
| Noninterest income: | | | | | | | | | |
| Service charges | 654 | | 126 | | 27 | | 501 | | - |
| Investment and brokerage services | 232 | | 1 | | 221 | | 10 | | - |
| Investment banking income | 703 | | - | | 703 | | - | | - |
| Trading account profits (losses) | 838 | | (3) | | 829 | | 12 | | - |
| All other income | 551 | | 152 | | 104 | | 234 | | 61 |
| Total noninterest income | 2,978 | | 276 | | 1,884 | | 757 | | 61 |
| Total revenue, net of interest expense | 5,400 | | 1,336 | | 2,365 | | 1,722 | | (23) |
| Provision for credit losses | 115 | | 103 | | 11 | | 1 | | - |
| Noninterest expense | 2,930 | | 490 | | 1,513 | | 894 | | 33 |
| Income (loss) before income taxes | 2,355 | | 743 | | 841 | | 827 | | (56) |
| Income tax expense (benefit) (2) | 878 | | 280 | | 313 | | 306 | | (21) |
| **Net income (loss)** | $1,477 | | $463 | | $528 | | $521 | | $(35) |
| Net interest yield (2) | 1.51 | % | 1.84 | % | n/m | | 2.88 | % | n/m |
| Return on average equity (3) | 14.41 | | 12.79 | | 18.36 | % | 27.37 | | n/m |
| Efficiency ratio (2) | 54.26 | | 36.68 | | 63.95 | | 51.94 | | n/m |
| Period end – total assets (4) | $716,132 | | $240,818 | | $424,877 | | $160,003 | | n/m |

(1) *CMAS* revenue of $(621) million for the three months ended March 31, 2008 consists of $(648) million of market-based revenue and $27 million of net interest income on loans that are accounted for at fair value in accordance with SFAS 159.
(2) FTE basis
(3) Average allocated equity for *GCIB* was $58.9 billion and $41.5 billion for the three months ended March 31, 2008 and 2007.
(4) Total assets include asset allocations to match liabilities (i.e., deposits).

n/m = not meaningful

| (Dollars in millions) | Ending Balance March 31 2008 | 2007 | Average Balance Three Months Ended March 31 2008 | 2007 |
|---|---|---|---|---|
| Total loans and leases | **$325,767** | $249,861 | **$324,733** | $247,898 |
| Total trading-related assets | **317,256** | 333,681 | **361,921** | 360,530 |
| Total market-based earning assets [(1)] | **347,563** | 385,495 | **403,403** | 409,290 |
| Total earning assets [(2)] | **668,953** | 628,831 | **718,804** | 650,353 |
| Total assets [(2)] | **791,962** | 716,132 | **834,463** | 734,309 |
| Total deposits | **233,778** | 210,105 | **235,800** | 208,561 |

(1) Total market-based earning assets represents earning assets included in *CMAS* but excludes loans that are accounted for at fair value in accordance with SFAS 159.

(2) Total earning assets and total assets include asset allocations to match liabilities (i.e., deposits).

*GCIB* provides a wide range of financial services to both our issuer and investor clients that range from business banking clients to large international corporate and institutional investor clients using a strategy to deliver value-added financial products and advisory solutions. *GCIB's* products and services are delivered from three primary businesses: *Business Lending, CMAS,* and *Treasury Services*, and are provided to our clients through a global team of client relationship managers and product partners. In addition, *ALM/Other* includes the results of ALM activities and other *GCIB* activities. Our clients are supported through offices in 22 countries that are divided into four distinct geographic regions: U.S. and Canada; Asia; Europe, Middle East, and Africa; and Latin America. For more information on our foreign operations, see Foreign Portfolio beginning on page 113.

Net income decreased $1.4 billion, or 92 percent, to $115 million and total revenue declined $2.2 billion, or 41 percent, to $3.2 billion for the three months ended March 31, 2008 compared to the same period in 2007. These decreases were driven by $1.5 billion of losses resulting from our CDO-related exposure and $439 million in losses related to leveraged lending. For more information on these decreases, see the *CMAS* discussion. Additionally, we experienced an increase in net interest income and a decline in noninterest expense, which was partially offset by a higher provision for credit losses.

Net interest income increased $1.2 billion, or 49 percent, for the three months ended March 31, 2008 compared to the same period in 2007 due to higher market-based net interest income of $1.3 billion which benefited from the decrease in the cost of market-based funding due to a decline in short-term interest rates. Additionally, net interest income benefited from growth in average loans and leases of $76.8 billion, or 31 percent, combined with a higher contribution from our ALM activities driven by our lower cost of wholesale funding. These benefits were partially offset by the impact of competitive deposit pricing in the industry as well as the lagged effect of repricing our deposit products in a decreasing rate environment and a shift in the deposit product mix as more customers moved their deposits to higher yielding products. The growth in average loans and average deposits was due to organic growth as well as the LaSalle merger.

Noninterest income decreased $3.4 billion, or 114 percent, for the three months ended March 31, 2008 compared to the same period in 2007, driven by declines in trading account profits (losses) of $2.6 billion and all other income (loss) of $890 million. For more information on these decreases, see the *CMAS* discussion.

The provision for credit losses increased $408 million to $523 million for the three months ended March 31, 2008 compared to the same period in 2007 driven by a $420 million increase in provision for credit losses in *Business Lending*. For further discussion, see the *Business Lending* discussion.

Noninterest expense decreased $469 million, or 16 percent, mainly due to a reduction in performance-based incentive compensation in *CMAS* combined with the *Treasury Services'* allocation of the reversal of certain Visa-related litigation costs associated with the completion of the Visa IPO partially offset by the addition of LaSalle.

## *Business Lending*

*Business Lending* provides a wide range of lending-related products and services to our clients through client relationship teams along with various product partners. Products include commercial and corporate bank loans and commitment facilities which cover our business banking clients, middle market commercial clients and our large multinational corporate clients. Real estate lending products are issued primarily to public and private developers, homebuilders and commercial real estate firms. Leasing and asset-based lending products offer our clients innovative financing solutions. Products also include indirect consumer loans which allow us to offer financing through automotive, marine, motorcycle and recreational vehicle dealerships across the U.S. *Business Lending* also contains the results for the economic hedging of our risk to certain credit counterparties utilizing various risk mitigation tools.

Net income decreased $126 million, or 27 percent, to $337 million for the three months ended March 31, 2008 compared to the same period in 2007 as an increase in net interest income was more than offset by higher provision for credit losses and noninterest expense combined with lower noninterest income. Net interest income increased $376 million, or 35 percent, driven by average loan growth of 30 percent to $296.4 billion. The increase in average loans and leases was attributable to the LaSalle merger and organic growth primarily in commercial domestic and real estate loans. The decrease in noninterest income of $76 million, or 28 percent, was driven by writedowns related to an option to purchase loans that were recorded in trading account profits (losses). Partially offsetting this loss was an increase of $110 million in all other income primarily resulting from improved economic hedging results of our exposures to certain commercial clients.

The provision for credit losses increased $420 million to $523 million for the three months ended March 31, 2008 compared to the same period in 2007. Additions to the reserves and higher net charge-offs were driven by the impact of the housing market slowdown on the homebuilder loan portfolio. Also contributing were higher net charge-offs related to seasoning of the dealer-related retail portfolios, and modest increases in middle market net charge-offs from very low prior year levels.

Noninterest expense increased $86 million, or 18 percent, primarily due to the LaSalle merger.

On April 29, 2008, the U.S. Court of Appeals for the Fourth Circuit affirmed a lower court's decision that related to another taxpayer to disallow tax benefits associated with leveraged lease transactions commonly referred to as lease-in, lease-out (LILOs). As a result of this decision, during the second quarter we will revise our assumptions related to the projected cash flows of these and certain other leveraged lease transactions (e.g., sale-in, lease-out (SILOs)). We do not expect the resulting charge to have a significant impact on earnings.

## *Capital Markets and Advisory Services*

*CMAS* provides financial products, advisory services and financing globally to our institutional investor clients in support of their investing and trading activities. We also work with our commercial and corporate issuer clients to provide debt and equity underwriting and distribution capabilities, merger-related advisory services and risk management solutions using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed income and mortgage-related products. The business may take positions in these products and participate in market-making activities dealing in government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, commercial paper, mortgage-backed securities and ABS. Underwriting debt and equity, securities research and certain market-based activities are executed through *Banc of America Securities, LLC* which is a primary dealer in the U.S.

In January 2008, we announced changes in our *CMAS* business which better align the strategy of this business with *GCIB's* broader integrated platform. We continue to provide corporate, commercial and sponsored clients with debt and equity capital-raising services, strategic advice, and a full range of corporate banking capabilities. However, we have reduced activities in certain structured products (e.g., CDOs) and are resizing the international platform to emphasize debt, cash management, and selected trading services, including rates and foreign exchange. This realignment, once completed, will result in the reduction of 680 front office personnel with additional infrastructure headcount reduction. We also plan to sell our equity prime brokerage business.

*CMAS* recognized a net loss of $1.1 billion for the three months ended March 31, 2008, a decrease of $1.6 billion compared to the same period in 2007, driven by lower market-based revenue of $3.0 billion. The decrease was driven by $1.5 billion of losses, net of hedge gains, resulting from our CDO exposure, $439 million of losses on leveraged finance loans and our share of the leveraged forward calendar, $272 million of non CDO-related losses for counterparty credit risk valuations included in our structured credit trading business, $216 million of losses on auction rate securities (ARS), and $191 million of losses on CMBS funded debt and the forward calendar. Partially offsetting these declines was a reduction in noninterest expense due to lower performance-based incentive compensation.

*CMAS* evaluates its results using market-based revenue that is comprised of net interest income and noninterest income. The following table presents further detail regarding market-based revenue. Sales and trading revenue is segregated into fixed income from liquid products (primarily interest rate and commodity derivatives, foreign exchange contracts and public finance), credit products (primarily investment and noninvestment grade corporate debt obligations and credit derivatives), structured products (primarily CMBS, residential mortgage-backed securities, structured credit trading and CDOs), and equity income from equity-linked derivatives and cash equity activity.

| | Three Month Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| **Investment banking income** | | |
| Advisory fees | **$66** | $130 |
| Debt underwriting | **359** | 503 |
| Equity underwriting | **240** | 70 |
| Total investment banking income | **665** | 703 |
| **Sales and trading revenue** | | |
| Fixed income: | | |
| Liquid products | **744** | 413 |
| Credit products | **(523)** | 511 |
| Structured products | **(1,882)** | 317 |
| Total fixed income | **(1,661)** | 1,241 |
| Equity income | **348** | 421 |
| Total sales and trading revenue | **(1,313)** | 1,662 |
| **Total Capital Markets and Advisory Services market-based revenue** (1) | **$(648)** | $2,365 |

(1) *CMAS* revenue of $(621) million for the three months ended March 31, 2008 consists of market-based revenue of $(648) million and $27 million of net interest income on loans that are accounted for at fair value in accordance with SFAS 159.

Investment banking income decreased $38 million to $665 million due to reduced debt underwriting and advisory fees related to the current capital markets environment, which included the utilization of fees to distribute leveraged loan commitments. Partially offsetting these decreases was an increase in equity underwriting income driven by fees earned on the Corporation's preferred stock issuances in the first quarter for which *GCIB* was compensated on a management accounting basis with a corresponding offset in *All Other*.

Sales and trading revenue declined $3.0 billion to a negative $1.3 billion for the three months ended March 31, 2008. While structured products and credit products reported negative revenue for the three months ended March 31, 2008, liquid products revenue increased and equities continued to perform well when compared with the same period in 2007 given the market conditions.

- Liquid products sales and trading revenue increased $331 million as *CMAS* took advantage of trending volatility in interest rate and foreign exchange markets which was partially offset by losses on ARS. For further discussion on our ARS exposure, see Industry Concentrations beginning on page 110.

- Credit products had negative revenue of $523 million from sales and trading activities, a decline of $1.0 billion compared to the same period in 2007, driven by leveraged finance writedowns and trading losses. Losses of $439 million, net of $286 million of fees, were incurred on leveraged finance loans and our share of the leveraged forward calendar, as these markets experienced further illiquidity in the first quarter. Losses incurred on our leveraged exposure were not concentrated in any one type (senior secured, covenant light or subordinated/senior unsecured) and were generally due to wider new issuance credit spreads as compared to the negotiated spreads.

At March 31, 2008 and December 31, 2007, the Corporation's share of the leveraged finance forward calendar consisted primarily of senior secured exposure of $3.9 billion and $12.2 billion and our funded position held for distribution was $9.6 billion and $6.1 billion. The decrease of $8.3 billion in the leveraged forward finance calendar was primarily due to the funding of outstanding commitments, approximately one-half of which were distributed through syndication. In addition, the leveraged finance forward calendar was reduced by client terminated commitments. Leveraged commitments that were funded during the three months ended March 31, 2008 but not distributed drove the increase of $3.5 billion in our funded exposure. In addition, we had limited investment grade exposure that was in line with our normal exposure levels.

- Structured products sales and trading revenue was negative $1.9 billion, a decline in revenue of $2.2 billion for the three months ended March 31, 2008 compared to the same period in the prior year. The decrease was driven by $1.5 billion of losses resulting from our CDO exposure, which includes our super senior, warehouse, and sales and trading positions partially offset by our hedging gains. In addition, structured products was adversely impacted by $191 million of losses (net of hedges) on CMBS funded debt and the forward calendar, and losses related to other structured products. See the detailed CDO exposure discussion below. Other structured products, including residential mortgage-backed securities and structured credit trading, were negatively impacted by spread widening due to the credit market disruptions that continued into the first quarter of 2008.

  At March 31, 2008 and December 31, 2007, we held $11.1 billion and $13.6 billion of funded CMBS debt of which $8.7 billion and $8.9 billion were primarily floating-rate acquisition-related financings to major, well known operating companies. In addition, at March 31, 2008 and December 31, 2007, we had a forward calendar of $784 million and $2.2 billion. The decrease in funded CMBS debt was driven by the securitization of a portion of the legacy LaSalle portfolio while the decrease in the forward calendar was driven by the funding of outstanding commitments and the business decision not to enter into any new floating-rate acquisition-related financings. The forward calendar at March 31, 2008 was comprised primarily of fixed-rate conduit product financings. The $191 million of losses recorded during the three months ended March 31, 2008, associated with our CMBS exposure was concentrated in the more difficult to hedge floating-rate debt.

- Equity products revenue decreased $73 million to $348 million primarily due to lower trading results in the equity derivative businesses.

**Collateralized Debt Obligation Exposure at March 31, 2008**

CDO vehicles are special purpose entities (SPEs) that hold diversified pools of fixed income securities. CDO vehicles issue multiple tranches of debt securities, including commercial paper, mezzanine and equity securities.

Our CDO exposure can be divided into funded and unfunded super senior liquidity commitment exposure, other super senior exposure (i.e., cash positions and derivative contracts), warehouse, and sales and trading positions. For more information on our CDO liquidity commitments, refer to Collateralized Debt Obligation Vehicles as part of Off- and On-Balance Sheet Arrangements beginning on page 79. Super senior exposure represents the most senior class of commercial paper or notes that are issued by the CDO vehicles. These financial instruments benefit from the subordination of all other securities issued by the CDO vehicles.

The following table presents a rollforward of our super senior CDO exposure for the three months ended March 31, 2008.

***Super Senior Collateralized Debt Obligation Exposure Rollforward***

| (Dollars in millions) | December 31, 2007 Net Exposure | Paydowns / Liquidations / Other | First Quarter 2008 Net Writedowns (1) | Reclassifications (2) | March 31, 2008 Net Exposure |
|---|---|---|---|---|---|
| **Super senior liquidity commitments** | | | | | |
| High grade | $5,166 | $(64) | $(388) | $(1,822) | **$2,892** |
| Mezzanine | 358 | - | - | - | **358** |
| CDOs-squared | 2,227 | (361) | (468) | (984) | **414** |
| **Total super senior liquidity commitments** | 7,751 | (425) | (856) | (2,806) | **3,664** |
| **Other super senior exposure** | | | | | |
| High grade | 2,125 | (375) | (143) | 1,822 | **3,429** |
| Mezzanine | 795 | 24 | (324) | - | **495** |
| CDOs-squared | 959 | (36) | (210) | 984 | **1,697** |
| **Total other super senior exposure** | 3,879 | (387) | (677) | 2,806 | **5,621** |
| Losses on CDOs that have since been liquidated | | | (39) | | |
| **Total super senior exposure** | $11,630 | $(812) | $(1,572) | $- | **$9,285** |

(1) Net of insurance.

(2) Represents CDO exposure that was reclassified from super senior liquidity commitments to other super senior exposure as the Corporation is no longer providing liquidity.

At March 31, 2008 our super senior exposure decreased $2.3 billion to $9.3 billion which was primarily driven by $1.6 billion of super senior writedowns as the CDO market continued to deteriorate during the three months ended March 31, 2008. The losses reduced trading account profits (losses) by $1.011 billion and other income by $561 million. The losses recorded in other income were impairment charges related to CDOs classified as AFS debt securities and we had no unrealized losses recorded in accumulated OCI related to these securities at March 31, 2008. In addition, $400 million of hedge and other gains, $40 million of losses related to subprime sales and trading positions, $90 million of losses related to our CDO warehouse, and $160 million of losses to cover counterparty risk on our CDO exposure impacted our results. The table above includes the reclassification of $2.8 billion of super senior liquidity commitments exposure to other super senior exposure during the period as we are no longer providing liquidity to certain CDO vehicles.

During the three months ended March 31, 2008, we liquidated a CDO vehicle and purchased certain underlying securities from the vehicle at auction. At March 31, 2008, we held $242 million in assets classified as AFS debt securities that we acquired from the CDO vehicle after the recognition of $25 million in impairment charges related to these assets subsequent to their purchase. Prior to liquidation of the CDO vehicle, we recorded losses of $39 million during the three months ended March 31, 2008. These securities are carried at approximately 50 percent of original par at March 31, 2008.

The following table presents our super senior CDO exposure at March 31, 2008 and December 31, 2007.

***Super Senior Collateralized Debt Obligation Exposure***

| | Total CDO Exposure at March 31, 2008 | | | | | | | | | | Total CDO Net Exposure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subprime Exposure [1] | | | | | Non-Subprime Exposure [2] | | | | | | |
| (Dollars in millions) | Gross | Insured | Net of Insured Amount | Cumulative Write-downs [3] | Net Exposure | Gross | Insured | Net of Insured Amount | Cumulative Write-downs [3] | Net Exposure | March 31 2008 | December 31 2007 |
| **Super senior liquidity commitments** | | | | | | | | | | | | |
| High grade | **$1,800** | **$(1,800)** | **$-** | **$-** | **$-** | **$3,042** | **$-** | **$3,042** | **$(150)** | **$2,892** | **$2,892** | $5,166 |
| Mezzanine | **363** | **-** | **363** | **(5)** | **358** | **-** | **-** | **-** | **-** | **-** | **358** | 358 |
| CDOs-squared | **988** | **-** | **988** | **(574)** | **414** | **-** | **-** | **-** | **-** | **-** | **414** | 2,227 |
| **Total super senior liquidity commitments** | **3,151** | **(1,800)** | **1,351** | **(579)** | **772** | **3,042** | **-** | **3,042** | **(150)** | **2,892** | **3,664** | 7,751 |
| **Other super senior exposure** | | | | | | | | | | | | |
| High grade | **6,242** | **(2,043)** | **4,199** | **(1,228)** | **2,971** | **1,192** | **(734)** | **458** | **-** | **458** | **3,429** | 2,125 |
| Mezzanine | **1,570** | **-** | **1,570** | **(1,075)** | **495** | **-** | **-** | **-** | **-** | **-** | **495** | 795 |
| CDOs-squared | **4,132** | **-** | **4,132** | **(2,435)** | **1,697** | **376** | **(376)** | **-** | **-** | **-** | **1,697** | 959 |
| **Total other super senior exposure** | **11,944** | **(2,043)** | **9,901** | **(4,738)** | **5,163** | **1,568** | **(1,110)** | **458** | **-** | **458** | **5,621** | 3,879 |
| Losses on CDOs that have since been liquidated [4] | | | | **(121)** | | | | | | | | |
| **Total super senior exposure** | **$15,095** | **$(3,843)** | **$11,252** | **$(5,438)** | **$5,935** | **$4,610** | **$(1,110)** | **$3,500** | **$(150)** | **$3,350** | **$9,285** | $11,630 |

(1)Classified as subprime when subprime consumer real estate loans make up at least 35 percent of the ultimate underlying collateral.
(2)Includes highly-rated collateralized loan obligations and commercial mortgage-backed securities super senior exposure.
(3)Net of insurance.
(4)At March 31, 2008, the Corporation held $242 million in assets acquired from liquidated CDO vehicles. During the three months ended March 31, 2008, the Corporation recognized $25 million in impairment charges on these assets.

At March 31, 2008, super senior exposure, net of writedowns, in the form of cash positions, liquidity commitments, and derivative contracts consisted of net subprime super senior exposure of $5.9 billion and net non-subprime super senior exposure of $3.4 billion. For more information on our super senior liquidity exposure, see the CDO discussion beginning on page 82.

Our net subprime super senior liquidity commitments were $772 million at March 31, 2008. The mezzanine exposure is collateralized with about 40 percent of subprime assets of which approximately 50 percent are of higher quality vintages from 2005 and prior. The CDOs-squared exposure is supported by approximately 75 percent of subprime collateral, 85 percent of which were 2006 and 2007 vintages.

Our net other subprime super senior exposure was $5.2 billion at March 31, 2008. Other subprime super senior exposure consists primarily of our cash and derivative positions including the unfunded commitments. The collateral supporting the high grade exposure consisted of about 60 percent subprime, of which approximately 25 percent was made up of 2006 and 2007 vintages while the remaining amount was comprised of higher quality vintages from 2005 and prior. The mezzanine exposure underlying collateral was heavily weighted to subprime with approximately 75 percent coming from later vintages while the CDOs-squared collateral was made up of approximately 50 percent subprime assets comprised of later vintages.

We also had net non-subprime super senior exposure of $3.4 billion which primarily included highly-rated CLO and CMBS super senior exposures. The net non-subprime super senior exposure is comprised of $2.9 billion of super senior liquidity commitment exposure and $458 million of high grade other super senior exposure. We recorded losses of $93 million associated with these exposures during the three months ended March 31, 2008. These losses were primarily driven by spread widening rather than impairment of principal.

In addition to the table above, we also had commercial real estate and mortgage related security exposure with a market value of approximately $500 million in our CDO warehouse, of which approximately $200 million was classified as subprime, and retained exposure related to a subprime mortgage securitization of $200 million. These combined subprime exposures are carried at approximately 35 percent of par value.

As mentioned above, during the first quarter of 2008, the CDO and related markets continued to deteriorate experiencing significant illiquidity impacting the availability and reliability of transparent pricing. At March 31, 2008, we valued these CDO structures assuming they would terminate and looked through the structures to the underlying net asset values supported by the underlying securities. We were able to obtain security values using either external pricing services or offsetting trades for approximately 75 percent of the CDO exposure for which we used the average of all prices obtained by security. The majority of the remaining positions where no pricing quotes were available were valued using matrix pricing by aligning the value to securities that had similar vintage of underlying assets and ratings, using the lowest rating between the rating services. The remaining securities were valued as interest-only strips, based on estimated average life, exposure type and vintage of the underlying assets. We assigned a zero value to the CDO positions for which an event of default has been triggered and liquidation notice has been issued. The value of cash held by the trustee for all CDO structures was also incorporated into the resulting net asset value.

At March 31, 2008, we held $5.0 billion of purchased insurance on our CDO exposure of which 63 percent was provided by monolines in the form of CDS, total-return-swaps (TRS) or financial guarantees. The majority of this purchased insurance relates to the high grade super senior exposure. In the case of default, we will first look to the underlying securities and then to recovery on purchased insurance. These contracts were valued at $1.3 billion before the consideration of counterparty credit risk at March 31, 2008 by referencing the fair value of the CDO. During the three months ended March 31, 2008, we adjusted these fair values downward and our cumulative counterparty credit risk valuation adjustment related to our super senior exposure was approximately $300 million at March 31, 2008. In addition, we held collateral in the form of cash and marketable securities of $176 million related to our purchased insurance. For more information on our credit exposure to monolines, see Industry Concentrations beginning on page 110.

### *Treasury Services*

*Treasury Services* provides integrated working capital management and treasury solutions to clients worldwide through our network of proprietary offices and special clearing arrangements. Our clients include multinationals, middle-market companies, correspondent banks, commercial real estate firms and governments. Our products and services include treasury management, trade finance, foreign exchange, short-term credit facilities and short-term investing options. Net interest income is derived from interest-bearing and noninterest-bearing deposits, sweep investments, and other liability management products. Deposit products provide a relatively stable source of funding and liquidity. We earn net interest spread revenues from investing this liquidity in earning assets through client-facing lending activity and our ALM activities. The revenue is attributed to the deposit products using our funds transfer pricing process which takes into account the interest rates and maturity characteristics of the deposits. Noninterest income is generated from payment and receipt products, merchant services, wholesale card products, and trade services and is comprised largely of service charges which are net of market-based earnings credit rates applied against noninterest-bearing deposits.

Net income increased $354 million, or 68 percent, for the three months ended March 31, 2008 compared to the same period in 2007 driven by higher noninterest income and reduced noninterest expense, which were partially offset by a decline in net interest income. Net interest income decreased $120 million, or 12 percent, primarily due to spread compression resulting from the impact of competitively pricing our deposits in a decreasing rate environment and the change in the mix between interest-bearing and noninterest-bearing deposits as clients shifted to interest-bearing and/or higher yielding investment alternatives. Partially offsetting these impacts was an increase in average deposits of $18.1 billion due to organic growth as well as the LaSalle merger. Noninterest income grew $534 million, or 71 percent, driven by the $388 million gain related to *Treasury Services'* allocation of the Visa IPO gain and increased service charges. Service charges increased $118 million due to organic growth, the repositioning of our pricing structure and the LaSalle merger. Noninterest expense decreased $148 million, or 17 percent, mainly due to the reversal of certain Visa-related litigation costs associated with the completion of the Visa IPO.

### *ALM/Other*

*ALM/Other* includes an allocation of a portion of the Corporation's net interest income from ALM activities as well as residual amounts related to discontinued business activities.

Net income increased $41 million for the three months ended March 31, 2008 compared to the same period in 2007 mainly due to an increase in net interest income of $67 million, resulting from a higher contribution from the Corporation's ALM activities, which was due in part to investing the Corporation's deposits at profitable spreads.

## Global Wealth and Investment Management

| (Dollars in millions) | Total | U.S. Trust (1) | Columbia Management | Premier Banking and Investments | ALM/ Other |
|---|---|---|---|---|---|
| | **Three Months Ended March 31, 2008** | | | | |
| Net interest income (2) | **$998** | **$278** | **$2** | **$535** | **$183** |
| Noninterest income: | | | | | |
| Investment and brokerage services | **1,081** | **379** | **398** | **258** | **46** |
| All other income (loss) | **(157)** | **18** | **(221)** | **48** | **(2)** |
| Total noninterest income | **924** | **397** | **177** | **306** | **44** |
| Total revenue, net of interest expense | **1,922** | **675** | **179** | **841** | **227** |
| Provision for credit losses | **243** | **3** | **-** | **240** | **-** |
| Noninterest expense | **1,316** | **504** | **305** | **436** | **71** |
| Income (loss) before income taxes | **363** | **168** | **(126)** | **165** | **156** |
| Income tax expense (benefit) (2) | **135** | **62** | **(47)** | **61** | **59** |
| **Net income (loss)** | **$228** | **$106** | **$(79)** | **$104** | **$97** |
| Net interest yield (2) | **2.73 %** | **2.33 %** | **n/m** | **1.90 %** | **n/m** |
| Return on average equity (3) | **7.92** | **9.64** | **(44.72) %** | **21.26** | **n/m** |
| Efficiency ratio (2) | **68.49** | **74.68** | **n/m** | **51.84** | **n/m** |
| Period end - total assets (4) | **$163,013** | **$52,729** | **$2,990** | **$120,924** | **n/m** |

| (Dollars in millions) | Total | U.S. Trust (1) | Columbia Management | Premier Banking and Investments | ALM/ Other |
|---|---|---|---|---|---|
| | Three Months Ended March 31, 2007 | | | | |
| Net interest income (2) | $923 | $223 | $- | $658 | $42 |
| Noninterest income: | | | | | |
| Investment and brokerage services | 806 | 224 | 320 | 221 | 41 |
| All other income | 52 | 11 | 1 | 34 | 6 |
| Total noninterest income | 858 | 235 | 321 | 255 | 47 |
| Total revenue, net of interest expense | 1,781 | 458 | 321 | 913 | 89 |
| Provision for credit losses | 23 | 21 | - | 2 | - |
| Noninterest expense | 975 | 308 | 236 | 411 | 20 |
| Income before income taxes | 783 | 129 | 85 | 500 | 69 |
| Income tax expense (2) | 292 | 48 | 31 | 185 | 28 |
| **Net income** | $491 | $81 | $54 | $315 | $41 |
| Net interest yield (2) | 3.18 % | 2.77 % | n/m | 2.86 % | n/m |
| Return on average equity (3) | 22.61 | 21.94 | 43.40 % | 78.87 | n/m |
| Efficiency ratio (2) | 54.75 | 67.36 | 73.45 | 45.06 | n/m |
| Period end – total assets (4) | $127,404 | $33,989 | $1,887 | $98,137 | n/m |

(1) In July 2007, the operations of the acquired U.S. Trust Corporation were combined with the former *Private Bank* creating *U.S. Trust, Bank of America Private Wealth Management*. The results of the combined business were reported for periods beginning on July 1, 2007. Prior to July 1, 2007, the results solely reflect that of the former *Private Bank*.

(2) FTE basis

(3) Average allocated equity for *GWIM* was $11.6 billion and $8.8 billion for the three months ended March 31, 2008 and 2007.

(4) Total assets include asset allocations to match liabilities (i.e., deposits).

n/m = not meaningful

| (Dollars in millions) | Ending Balance March 31 2008 | 2007 | Average Balance Three Months Ended March 31 2008 | 2007 |
|---|---|---|---|---|
| Total loans and leases | **$87,308** | $66,695 | **$85,642** | $65,839 |
| Total earning assets (1) | **153,747** | 120,701 | **147,111** | 117,619 |
| Total assets (1) | **163,013** | 127,404 | **156,913** | 124,083 |
| Total deposits | **154,174** | 118,124 | **148,500** | 114,955 |

(1) Total earning assets and total assets include asset allocations to match liabilities (i.e., deposits).

*GWIM* provides a wide offering of customized banking, investment and brokerage services tailored to meet the changing wealth management goals of our individual and institutional customer base. Our clients have access to a range of services offered through three primary businesses: *U.S. Trust, Bank of America Private Wealth Management (U.S. Trust); Columbia Management (Columbia)*; and *Premier Banking and Investments (PB&I)*. In addition, *ALM/Other* primarily includes the results of ALM activities.

In December 2007, we completed the sale of Marsico. Prior year Marsico business results have been transferred to *All Other* to better facilitate year-over-year comparisons.

Net income decreased $263 million, or 54 percent, for the three months ended March 31, 2008 compared to the same period in 2007, as an increase in total revenue was more than offset by higher provision for credit losses and noninterest expense.

Net interest income increased $75 million, or eight percent, for the three months ended March 31, 2008 compared to the same period in 2007 due to an increased contribution from ALM activities driven by our lower cost of wholesale funding, the acquisition of U.S. Trust Corporation and LaSalle, and organic growth in deposit and loan balances. These increases were partially offset by spread compression and a shift in the deposit product mix as more customers moved their deposits to higher yielding products. *GWIM* deposit growth benefited from the U.S. Trust Corporation and LaSalle acquisitions, the migration of customer relationships and related deposit balances from *GCSBB,* and organic growth. A more detailed discussion regarding migrated customer relationships and related deposit balances is provided in the *PB&I* discussion beginning on page 75.

Noninterest income increased $66 million, or eight percent, for the three months ended March 31, 2008 compared to the same period in 2007, driven by higher investment and brokerage services income. This increase was due to higher AUM primarily attributable to the impact of the U.S. Trust Corporation acquisition. Partially offsetting this increase was a decline in all other income due to losses associated with the support provided to certain cash funds managed within *Columbia*.

Provision for credit losses increased $220 million to $243 million for the three months ended March 31, 2008 compared to the same period in 2007 due to deterioration in the home equity portfolio in *PB&I*.

Noninterest expense increased $341 million, or 35 percent, for the three months ended March 31, 2008 compared to the same period in 2007 driven by the additions of U.S. Trust Corporation and LaSalle, combined with higher marketing costs and revenue-related expenses.

**Client Assets**

The following table presents client assets which consist of AUM, client brokerage assets and assets in custody.

***Client Assets*** [(1)]

| (Dollars in millions) | March 31 2008 | 2007 |
|---|---|---|
| Assets under management | **$607,521** | $547,448 |
| Client brokerage assets | **213,743** | 209,106 |
| Assets in custody | **158,486** | 109,163 |
| Less: Client brokerage assets and assets in custody included in assets under management | **(88,755)** | (73,793) |
| **Total net client assets** | **$890,995** | $791,924 |

(1) In December 2007, the Corporation completed the sale of Marsico. Total AUM at March 31, 2007 includes AUM that were managed prior to the sale of Marsico of $51.0 billion (including $5.2 billion in eliminations). Prior year Marsico business results have been transferred to *All Other* to better facilitate year-over-year comparisons.

AUM increased $60.1 billion, or 11 percent, as of March 31, 2008 compared to the same period in 2007, driven by the U.S. Trust Corporation and LaSalle acquisitions, which contributed $115.6 billion and $7.5 billion, as well as net inflows. These increases were partially offset by the sale of Marsico, which resulted in a decrease of $60.9 billion, and market declines. As of March 31, 2008, client brokerage assets increased by $4.6 billion, or two percent, compared to the same period in 2007, driven by the addition of LaSalle partially offset by market declines. Assets in custody increased $49.3 billion, or 45 percent, to $158.5 billion compared to the same period in 2007, driven mainly by U.S. Trust Corporation which contributed $45.0 billion.

***U.S. Trust, Bank of America Private Wealth Management***

In July 2007, we completed the acquisition of U.S. Trust Corporation for $3.3 billion in cash combining it with the *Private Bank*, to form *U.S. Trust*. The results of the combined business were reported for periods beginning on July 1, 2007. Prior to July 1, 2007, the results solely reflect that of the former *Private Bank*. *U.S. Trust* provides comprehensive wealth management solutions to wealthy and ultra-wealthy clients with investable assets of more than $3 million. In addition, *U.S. Trust* provides resources and customized solutions to meet clients' wealth structuring, investment management, trust and banking needs as well as specialty asset management services (oil and gas, real estate, farm and ranch, timberland, private businesses and tax advisory). Clients also benefit from access to resources available through the Corporation including capital markets products, large and complex financing solutions, and its extensive banking platform.

Net income increased $25 million, or 31 percent, for the three months ended March 31, 2008 compared to the same period in 2007 due to higher net interest income and noninterest income partially offset by higher noninterest expense. Net interest income increased $55 million, or 25 percent, driven by growth in average loans and leases due to the impact of the acquisitions of U.S. Trust Corporation and LaSalle along with organic growth, partially offset by deposit spread compression and a shift in deposit product mix as more customers moved their deposits to higher yielding products. Noninterest income grew $162 million, or 69 percent and noninterest expense increased $196 million, or 64 percent, for the three months ended March 31, 2008 compared to the same period in 2007. These increases were primarily driven by the U.S. Trust Corporation and LaSalle acquisitions.

***Columbia Management***

*Columbia* is an asset management business serving the needs of both institutional clients and individual customers. *Columbia* provides asset management products and services, including mutual funds and separate accounts. *Columbia* mutual fund offerings provide a broad array of investment strategies and products including equity, fixed income (taxable and nontaxable) and money market (taxable and nontaxable) funds. *Columbia* distributes its products and services to institutional clients and individuals directly and through *U.S. Trust, PB&I, GCIB,* and nonproprietary channels including other brokerage firms.

In December 2007, we completed the sale of Marsico. Prior year Marsico business results have been transferred to *All Other* to better facilitate year-over-year comparisons.

Net income declined $133 million for the three months ended March 31, 2008 to a net loss of $79 million, compared to the same period in 2007 driven by a loss of $220 million recorded in other income related to the support provided to certain cash funds. Partially offsetting this decrease was higher investment and brokerage services income of $78 million driven by the U.S. Trust Corporation acquisition and growth in AUM. Noninterest expense increased $69 million driven by the U.S. Trust Corporation acquisition and higher revenue-related expenses.

Beginning in the second half of 2007, we provided support to certain cash funds managed within *Columbia.* The funds for which we provided support typically invest in high quality, short-term securities with a weighted average maturity of 90 days or less, including a limited number of securities issued by SIVs. Due to market disruptions, certain SIV investments were downgraded by the rating agencies and experienced a decline in fair value. We entered into capital commitments which required the Corporation to provide cash to these funds in the event the net asset value per unit of a fund declined below certain thresholds. The capital commitments expire no later than the third quarter of 2010. At March 31, 2008 and December 31, 2007 we had gross (i.e., funded and unfunded) capital commitments to the funds of $525 million and $565 million. The decrease of $40 million in capital commitments at March 31, 2008 was due to the termination or reduction of certain capital commitments upon the purchase of investments from the funds. For the three months ended March 31, 2008, we incurred losses of $127 million related to these capital commitments. At March 31, 2008 and December 31, 2007 the remaining loss exposure on capital commitments was $16 million and $183 million.

Additionally, during the three months ended March 31, 2008, we purchased $994 million of certain investments from the funds and recorded losses of $93 million.

We may from time to time, but are under no obligation to, provide additional support to funds managed within *Columbia*. Future support, if any, may take the form of additional capital commitments to the funds or the purchase of assets from the funds. During the second quarter of 2008, we have provided $235 million in additional capital commitments to these funds.

We are not the primary beneficiary of the cash funds and do not consolidate the cash funds managed within *Columbia* because the subordinated support provided by the Corporation will not absorb a majority of the variability created by the assets of the funds. The cash funds had total AUM of $176.2 billion at March 31, 2008.

***Premier Banking and Investments***

*PB&I* includes *Banc of America Investments*, our full-service retail brokerage business and our *Premier Banking* channel. *PB&I* brings personalized banking and investment expertise through priority service with client-dedicated teams. *PB&I* provides a high-touch client experience through a network of approximately 5,700 client facing associates to our affluent customers with a personal wealth profile of at least $100,000 of investable assets.

*PB&I* includes the impact of migrating qualifying affluent customers, including their related deposit balances, from *GCSBB* to our *PB&I* model. After migration, the associated net interest income, service charges and noninterest expense are recorded in *PB&I.* The change reported in the financial results of *PB&I* includes both the impact of migration, as well as the impact of incremental organic growth from providing a broader array of financial products and services to *PB&I* customers. For the three months ended March 31, 2008 and 2007, a total of $7.1 billion, including $2.3 billion related to the one-time migration of legacy LaSalle accounts, and $3.6 billion of deposits were migrated from *GCSBB* to *PB&I.*

Net income decreased $211 million, or 67 percent, to $104 million for the three months ended March 31, 2008 compared to the same period in 2007, due to lower net interest income and an increase in provision for credit losses, partially offset by higher noninterest income. Net interest income declined $123 million, or 19 percent principally driven by spread compression and a shift of the product mix in the deposit portfolio as more customers moved their deposits to higher yielding products. This decrease in net interest income is partially offset by higher loan balances within *PB&I.*

Noninterest income increased $51 million, or 20 percent, to $306 million driven primarily by higher investment and brokerage services income.

Provision for credit losses increased $238 million to $240 million for the three months ended March 31, 2008 compared to the same period in 2007, primarily driven by higher credit costs in the home equity portfolio reflective of deterioration in the housing markets.

Noninterest expense increased $25 million, or six percent, to $436 million primarily due to the impact of the LaSalle acquisition.

### *ALM/Other*

*ALM/Other* primarily includes the results of ALM activities.

Net income increased $56 million for the three months ended March 31, 2008 compared to the same period in 2007. The increase was driven by higher net interest income of $141 million primarily due to the increased contribution from ALM activities, which was due in part to investing the Corporation's deposits at profitable spreads. Noninterest expense increased $51 million driven by higher expenses related to retirement and mass affluent customer initiatives.

Table of Contents

## All Other

| (Dollars in millions) | For the Three Months Ended March 31, 2008 Reported Basis (1) | Securitization Offset (2) | As Adjusted | For the Three Months Ended March 31, 2007 Reported Basis (1) | Securitization Offset (2) | As Adjusted |
|---|---|---|---|---|---|---|
| Net interest income (3) | **$(1,990)** | **$2,055** | **$65** | $(1,752) | $1,890 | $138 |
| Noninterest income: | | | | | | |
| Card income | **664** | **(704)** | **(40)** | 721 | (839) | (118) |
| Equity investment income | **268** | **-** | **268** | 896 | - | 896 |
| Gains on sales of debt securities | **220** | **-** | **220** | 61 | - | 61 |
| All other income (loss) | **(255)** | **65** | **(190)** | 46 | 77 | 123 |
| Total noninterest income | **897** | **(639)** | **258** | 1,724 | (762) | 962 |
| Total revenue, net of interest expense | **(1,093)** | **1,416** | **323** | (28) | 1,128 | 1,100 |
| Provision for credit losses | **(1,208)** | **1,416** | **208** | (1,314) | 1,128 | (186) |
| Merger and restructuring charges (4) | **170** | **-** | **170** | 111 | - | 111 |
| All other noninterest expense | **109** | **-** | **109** | 406 | - | 406 |
| Income (loss) before income taxes | **(164)** | **-** | **(164)** | 769 | - | 769 |
| Income tax expense (3) | **59** | **-** | **59** | 154 | - | 154 |
| **Net income (loss)** | **$(223)** | **$-** | **$(223)** | $615 | $- | $615 |

(1) Provision for credit losses represents the provision for credit losses in *All Other* combined with the *GCSBB* securitization offset.
(2) The securitization offset on net interest income is on a funds transfer pricing methodology consistent with the way funding costs are allocated to the businesses.
(3) FTE basis
(4) For more information on merger and restructuring charges, see *Note 2 – Merger and Restructuring Activity* to the Consolidated Financial Statements.

*GCSBB* is reported on a managed basis which includes a "securitization impact" adjustment which has the effect of assuming that loans that have been securitized were not sold and presenting these loans in a manner similar to the way loans that have not been sold are presented. *All Other's* results include a corresponding "securitization offset" which removes the impact of these securitized loans in order to present the consolidated results on a GAAP basis (i.e., held basis). See the *GCSBB* section beginning on page 57 for information on the *GCSBB* managed results. The following *All Other* discussion focuses on the results on an as adjusted basis excluding the securitization offset. For additional information, see *Note 16 – Business Segment Information* to the Consolidated Financial Statements.

In addition to the securitization offset discussed above, *All Other* includes our *Equity Investments* businesses and *Other*.

*Equity Investments* includes Principal Investing, Corporate Investments and Strategic Investments. Principal Investing is comprised of a diversified portfolio of investments in privately-held and publicly-traded companies at all stages of their life cycle from start-up to buyout. These investments are made either directly in a company or held through a fund and are accounted for at fair value. In addition, Principal Investing has unfunded equity commitments related to some of these investments. For more information on these commitments see *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements.

Corporate Investments primarily includes investments in publicly-traded equity securities and funds which are accounted for as AFS marketable equity securities. Strategic Investments includes investments of $14.5 billion in CCB, $2.7 billion in Grupo Financiero Santander, S.A. (Santander), $2.6 billion in Banco Itaú and other investments. Shares of CCB are accounted for as AFS marketable equity securities and carried at fair value with a corresponding net-of-tax offset to accumulated OCI. These shares are non-transferable until October 2008. We also hold an option to increase our ownership interest in CCB to 19.1 percent. Additional shares received upon exercise of this option are restricted through August 2011. This option expires in February 2011. The strike price of the option is based on the IPO price that steps up on an annual basis and is currently at 103 percent of the IPO price. The strike price of the option is capped at 118 percent of the IPO price depending when the option is exercised. Our investment in Santander is accounted for under the equity method of accounting. The restricted shares of Banco Itaú are currently carried at cost but will be accounted for as AFS marketable equity securities and carried at fair value with an offset, net-of-tax, to accumulated OCI beginning in the second quarter of 2008. Income associated with *Equity Investments* is recorded in equity investment income.

*Other* includes the residual impact of the allowance for credit losses and the cost allocation processes, merger and restructuring charges, intersegment eliminations, and the results of certain businesses that are expected to be or have been sold or are in the process of being liquidated. *Other* also includes certain amounts associated with ALM activities, including the residual impact of funds transfer pricing allocation methodologies, amounts associated with the change in the value of derivatives used as economic hedges of interest rate and foreign exchange rate fluctuations that do not qualify for SFAS 133 hedge accounting treatment, foreign exchange rate fluctuations related to SFAS 52 revaluation of foreign denominated debt issuances, certain gains (losses) on sales of whole mortgage loans, and gains (losses) on sales of debt securities. *Other* also includes adjustments to noninterest income and income tax expense to remove the FTE impact of items (primarily low-income housing tax credits) that have been grossed up within noninterest income to a FTE amount in the business segments.

Net income (loss) decreased $838 million to $(223) million due to a decline in revenue combined with higher provision for credit losses partially offset by lower all other noninterest expense.

Net interest income declined $73 million primarily due to the absence of net interest income from the sale of our Latin American and Marsico operations, which were included in our 2007 results.

Noninterest income decreased $704 million due to lower equity investment income and all other income (loss). Equity investment income decreased $628 million to $268 million due to a lack of liquidity in the market for our Principal Investing portfolio. We expect these conditions to continue in 2008, however changes in the market environment and continued disruptions in the equity markets could further impact the Principal Investing and Corporate and Strategic Investments portfolios. All other income (loss) declined $313 million to $(190) million due to the absence of noninterest income related to our Latin American and Marsico operations which were sold in 2007, and the management accounting offset related to investment banking fees earned by *GCIB* on the Corporation’s preferred stock issuances in the first quarter.

The following table presents the components of *All Other*’s equity investment income and a reconciliation to the total consolidated equity investment income for the three months ended March 31, 2008 and 2007.

***Components of Equity Investment Income***

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| Principal Investing | **$12** | $575 |
| Corporate and Strategic Investments | **256** | 321 |
| Total equity investment income included in All Other | **268** | 896 |
| Total equity investment income included in the business segments | **786** | 118 |
| **Total consolidated equity investment income** | **$1,054** | $1,014 |

Provision for credit losses increased $394 million to $208 million for the three months ended March 31, 2008 compared to $(186) million during the same period in 2007 primarily due to higher credit costs related to our ALM residential mortgage portfolio that is reflective of the deterioration in the housing markets and prior year reserve reductions reflecting the sale of the Argentina portfolio.

Merger and restructuring charges increased $59 million to $170 million due to the integration costs associated with the U.S. Trust Corporation and LaSalle mergers. For additional information on merger and restructuring charges, see *Note 2 – Merger and Restructuring Activity* to the Consolidated Financial Statements.

All other noninterest expense decreased $297 million due to lower stock compensation expense for amounts granted to eligible employees combined with the absence of noninterest expense related to our Latin American and Marsico operations which were sold in 2007.

## Off- and On-Balance Sheet Arrangements

In the ordinary course of business, we support our customers' financing needs by facilitating their access to the commercial paper market. In addition, we utilize certain financing arrangements to meet our balance sheet management, funding and liquidity needs. For additional information on our liquidity risk, see Liquidity Risk and Capital Management beginning on page 88. These activities utilize SPEs, typically in the form of corporations, limited liability companies, or trusts, which raise funds by issuing short-term commercial paper or similar instruments to third party investors. These SPEs typically hold various types of financial assets whose cash flows are the primary source of repayment for the liabilities of the SPEs. Investors have recourse to the assets in the SPE and often benefit from other credit enhancements, such as overcollateralization in the form of excess assets in the SPE, liquidity facilities, and other arrangements. As a result, the SPEs can typically obtain a favorable credit rating from the rating agencies, resulting in lower financing costs for our customers.

We have liquidity agreements, SBLCs or other arrangements with the SPEs, as described below, under which we are obligated to provide funding in the event of a market disruption or other specified event or otherwise provide credit support to the entities (hereinafter referred to as liquidity exposure). We manage our credit risk and any market risk on these arrangements by subjecting them to our normal underwriting and risk management processes. Our credit ratings and changes thereto will affect the borrowing cost and liquidity of these SPEs. In addition, significant changes in counterparty asset valuation and credit standing may also affect the ability of the SPEs to issue commercial paper. The contractual or notional amount of these commitments as presented in Table 8 represents our maximum possible funding obligation and is not, in management's view, representative of expected losses or funding requirements. From time to time, we may purchase commercial paper issued by these SPEs in connection with market-making activities or for investment purposes. During the second half of 2007 and into the first quarter of 2008, there were instances in which the asset-backed commercial paper market became illiquid due to market perceptions of uncertainty and certain investment activities were affected. As a result, at March 31, 2008 and December 31, 2007, we held $5.6 billion and $6.6 billion of commercial paper on the Corporation's Consolidated Balance Sheet that was issued in connection with our liquidity obligations to unconsolidated CDOs summarized in the table below.

Table of Contents

The following table presents our liquidity exposure to these consolidated and unconsolidated SPEs, which include VIEs and QSPEs. VIEs are SPEs which lack sufficient equity at risk or whose equity investors do not have a controlling financial interest. QSPEs are SPEs whose activities are strictly limited to holding and servicing financial assets. Some, but not all, of the liquidity commitments to VIEs are considered to be significant variable interests and are disclosed in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements. Those liquidity commitments that are not significant variable interests are not required to be included in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements.

***Table 8***
***Special Purpose Entities Liquidity Exposure[(1)]***

| | March 31, 2008 | | | |
|---|---|---|---|---|
| | VIEs | | QSPEs | |
| (Dollars in millions) | Consolidated [(2)] | Unconsolidated | Unconsolidated | Total |
| Corporation-sponsored multi-seller conduits | **$14,722** | **$44,429** | **$-** | **$59,151** |
| Municipal bond trusts and corporate SPEs | **5,422** | **2,770** | **7,301** | **15,493** |
| Asset acquisition conduits | **1,495** | **5,079** | **-** | **6,574** |
| Collateralized debt obligation vehicles [(3)] | **-** | **6,193** | **-** | **6,193** |
| Customer-sponsored conduits | **-** | **1,688** | **-** | **1,688** |
| **Total liquidity exposure** | **$21,639** | **$60,159** | **$7,301** | **$89,099** |

| | December 31, 2007 | | | |
|---|---|---|---|---|
| | VIEs | | QSPEs | |
| (Dollars in millions) | Consolidated [(2)] | Unconsolidated | Unconsolidated | Total |
| Corporation-sponsored multi-seller conduits | $16,984 | $47,335 | $- | $64,319 |
| Municipal bond trusts and corporate SPEs | 7,359 | 3,120 | 7,251 | 17,730 |
| Asset acquisition conduits | 1,623 | 6,399 | - | 8,022 |
| Collateralized debt obligation vehicles [(3)] | 3,240 | 9,026 | - | 12,266 |
| Customer-sponsored conduits | - | 1,724 | - | 1,724 |
| **Total liquidity exposure** | $29,206 | $67,604 | $7,251 | $104,061 |

(1) *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements is related to this table but only reflects those entities in which we hold a significant variable interest.
(2) We consolidate VIEs when we are the primary beneficiary that will absorb the majority of the expected losses or expected residual returns of the VIEs or both.
(3) For additional information on our CDO exposures and related writedowns at March 31, 2008 and December 31, 2007, see the CDO discussion beginning on page 67.

At March 31, 2008 the Corporation's total liquidity exposure to SPEs was $89.1 billion, a decrease of $15.0 billion from December 31, 2007. The decrease was primarily due to CDOs and corporation-sponsored multi-seller conduits. The decrease of $6.1 billion in CDOs was primarily due to the removal of CDOs from the above table as we hold all of their commercial paper and no longer provide liquidity support to them. The decrease of $5.2 billion in corporation-sponsored multi-seller conduits was primarily due to the termination of several facilities during the three months ended March 31, 2008.

**Corporation-Sponsored Multi-Seller Conduits**

We administer three multi-seller conduits, two of which are unconsolidated, which provide a low-cost funding alternative to our customers by facilitating their access to the commercial paper market. We receive fees for providing combinations of liquidity and SBLCs or similar loss protection commitments to the conduits. These commitments represent significant variable interests in the SPEs, which are discussed in more detail in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements.

At March 31, 2008, our liquidity commitments to the conduits were collateralized by various classes of assets which incorporate features such as overcollateralization and cash reserves which are designed to provide credit support at a level equivalent to investment grade as determined in accordance with internal risk rating guidelines. During the three months ended March 31, 2008, there were no material write-downs or downgrades of assets.

On a combined basis, the unconsolidated conduits have issued approximately $27 million of capital notes and equity interests to third parties, all of which were outstanding at March 31, 2008. This represents the maximum amount of loss that would be absorbed by the third party investors. Based on an analysis of projected cash flows, we have determined that we will not absorb a majority of the variability created by the assets of the conduits.

Our liquidity, SBLCs and similar loss protection commitments obligate us to purchase assets from the conduits at the conduits' cost. Subsequent realized losses on assets purchased from the unconsolidated conduits would be reimbursed from the cash received from the sale of capital notes and equity interests to third party investors. We would absorb losses in excess of such amounts. If a conduit is unable to re-issue commercial paper due to illiquidity in the commercial paper markets or deterioration in the asset portfolio, we are obligated to provide funding subject to the following limitations. Our obligations to purchase assets under the SBLCs and similar loss protection commitments are subject to a maximum commitment amount which is typically set at eight percent to 10 percent of total outstanding commercial paper. Our obligation to purchase assets under the liquidity agreements, which comprise the remainder of our exposure, is generally limited to the amount of non-defaulted assets. We are not obligated to fund under the liquidity, SBLCs or similar loss protection commitments if the conduit is the subject of a voluntary or involuntary bankruptcy proceeding.

The liquidity commitments and SBLCs provided to unconsolidated conduits are included in Table 9 in the Obligations and Commitments section beginning on page 83. We have no other contractual obligations to the unconsolidated conduits, nor do we intend to provide noncontractual or other forms of support.

Despite the market disruptions in the second half of 2007 and through the first quarter of 2008, the conduits did not experience any material difficulties in issuing commercial paper. The Corporation did not purchase any commercial paper issued by the conduits other than incidentally and in its role as a commercial paper dealer.

**Municipal Bond Trusts and Corporate SPEs**

We have provided a total of $15.5 billion and $17.7 billion in liquidity support to municipal bond trusts and corporate SPEs at March 31, 2008 and December 31, 2007. We administer municipal bond trusts that hold highly-rated, long-term, fixed-rate municipal bonds, some of which are callable prior to maturity, for which we provided liquidity support of $11.2 billion and $13.4 billion at March 31, 2008 and December 31, 2007. In addition, we administer several conduits to which we provided $4.3 billion of liquidity support at both March 31, 2008 and December 31, 2007.

As it relates to the municipal bond trusts the weighted average remaining life of the bonds at March 31, 2008 was 19.3 years. Substantially all of the bonds are rated AAA or AA and some of the bonds benefit from insurance provided by monolines. There were no material write-downs or downgrades of assets or issuers during the three months ended March 31, 2008. The trusts obtain financing by issuing floating-rate trust certificates that reprice on a weekly basis to third party investors. The floating-rate investors have the right to tender the certificates at any time upon seven days notice. We serve as remarketing agent and liquidity provider for the trusts. Should we be unable to remarket the tendered certificates, we are generally obligated to purchase them at par. We are not obligated to purchase the certificate if a bond's credit rating declines below investment grade or in the event of certain defaults or bankruptcy of the issuer and insurer. The total amount of floating-rate certificates for which we provide liquidity support was $11.2 billion and $13.4 billion at March 31, 2008 and December 31, 2007. Some of these trusts are QSPEs. We consolidate those trusts that are not QSPEs if we hold the residual interest or otherwise expect to absorb a majority of the variability of the trusts. Included in the amounts above are $5.8 billion and $6.1 billion of liquidity commitments to unconsolidated trusts at March 31, 2008 and December 31, 2007, which are included in Table 9 in the Obligations and Commitments section beginning on page 83. At March 31, 2008, we held $190 million of floating rate certificates issued by unconsolidated municipal bond trusts.

Assets of the other corporate conduits consisted primarily of high-grade, long-term municipal, corporate, and mortgage-backed securities which had a weighted average remaining life of approximately 6.9 years at March 31, 2008. Substantially all of the securities are rated AAA or AA and some of the bonds benefit from insurance provided by monolines. There were no material write-downs or downgrades of assets or insurers during the three months ended March 31, 2008. These conduits, which are QSPEs, obtain funding by issuing commercial paper to third party investors. At March 31, 2008, the weighted average maturity of the commercial paper was 19 days. We have entered into derivative contracts which provide interest rate, currency and a pre-specified amount of credit protection to the entities in exchange for the commercial paper rate. In addition, we may be obligated to purchase assets from the vehicles if the assets or insurers are downgraded. If an asset's rating declines below a certain investment quality as evidenced by its credit rating or defaults, we are no longer exposed to the risk of loss. Due to the market disruptions during the second half of 2007 and into the first quarter of 2008, these conduits experienced difficulties in issuing commercial paper. On occasion, including early in the first quarter of

2008, we held some of the issued commercial paper when marketing attempts were unsuccessful. However, as the first quarter progressed we were able to distribute more of the conduits' commercial paper and at March 31, 2008, we held $169 million of commercial paper issued by the unconsolidated conduits. In the event that we are unable to remarket the conduits' commercial paper such that it no longer qualifies as a QSPE, we would consolidate the conduit which may have an adverse impact on the fair value of the related derivative contracts.

We have no other contractual obligations to the unconsolidated bond trusts and conduits described above, nor do we intend to provide noncontractual or other forms of support.

Derivative activity related to these entities is included in *Note 4 – Derivatives* to the Consolidated Financial Statements. For more information on QSPEs, see *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements. For additional information on our monoline exposure, see Industry Concentrations beginning on page 110.

**Asset Acquisition Conduits**

We administer two unconsolidated conduits which acquire assets on behalf of our customers. The return on the assets held in the conduits, which consist principally of liquid exchange-traded securities and some leveraged loans, is passed through to our customers through a series of derivative contracts. We consolidate a third conduit which holds subordinated debt securities for our benefit. These conduits obtain funding through the issuance of commercial paper and subordinated certificates to third party investors. Repayment of the commercial paper and certificates is assured by total return swap contracts between the Corporation and the conduits, and we are reimbursed through total return swap contracts with our customers.

Assets are placed into the unconsolidated asset acquisition conduits at the request of a customer who wishes to benefit from the economic returns of the specified asset on a leveraged basis. At the time the conduit acquires an asset, we enter into back-to-back total return swaps with the conduit and the customer such that the economic returns of the assets are passed through to the customer. Our performance under the derivatives is collateralized by the underlying assets. Derivative activity related to these entities is included in *Note 4 – Derivatives* to the Consolidated Financial Statements.

Despite the market disruptions in the second half of 2007 and first quarter of 2008, the conduits did not experience any material difficulties in issuing commercial paper. The Corporation did not hold a significant amount of commercial paper issued by the conduits at any time during the three months ended March 31, 2008. At March 31, 2008, the weighted average maturity of commercial paper issued by the conduits was 42 days.

We have no other contractual obligations to the conduits described above, nor do we intend to provide noncontractual or other forms of support.

**Collateralized Debt Obligation Vehicles**

We provided liquidity support to several CDOs and a CDO conduit totaling $6.2 billion and $12.3 billion at March 31, 2008 and December 31, 2007 consisting of $3.9 billion and $10.0 billion of written put options at March 31, 2008 and December 31, 2007 and $2.3 billion of other liquidity support for both periods.

The decrease of $6.1 billion in written put options was due primarily to the elimination of certain CDO liquidity commitments, including $3.2 billion related to a consolidated CDO, as we hold all of their commercial paper and no longer provide liquidity support to them. We are obligated under the written put options to provide funding to the CDOs by purchasing the commercial paper at predetermined contractual yields in the event of a severe disruption in the short-term funding market as evidenced by the inability of the CDOs to issue commercial paper at spreads below a predetermined rate. No third parties provide similar commitments to these CDOs. For additional information refer to the CDO exposure discussion beginning on page 67. See *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements for more information on the written put options. These written put options are recorded as derivatives on the Consolidated Balance Sheet and are carried at fair value with changes in fair value recorded in trading account profits (losses). Derivative activity related to these entities is included in *Note 4 – Derivatives* to the Consolidated Financial Statements.

We also administer a CDO conduit that obtains funds by issuing commercial paper to third party investors. The conduit held $2.3 billion of assets at both March 31, 2008 and December 31, 2007 consisting of super senior tranches of debt securities issued by other CDOs. We provide liquidity support equal to the amount of assets in this conduit which obligates us to purchase the commercial paper at a predetermined contractual yield in the event of a severe disruption in the short-term funding market as evidenced by the inability of the conduit to issue commercial paper at spreads below a predetermined rate. In addition, we are obligated to purchase assets from the conduit or absorb market losses on the sale of assets in the event of a downgrade or decline in credit quality of the assets. Our $2.3 billion liquidity commitment to the conduit at March 31, 2008 is included in Table 9 in the Obligations and Commitments section below. We are the sole provider of liquidity to the CDO vehicle.

Prior to the second half of 2007, we believed that the likelihood of our experiencing an economic loss as the result of these liquidity obligations was remote. However, due to severe market disruptions during the second half of 2007 and through the first quarter of 2008, the CDOs holding the put options and the CDO conduit began to experience difficulties in issuing commercial paper. Shortly thereafter, a significant portion of the assets held in these CDOs were downgraded or threatened with downgrade by the rating agencies. As a result of these factors, we began to purchase commercial paper that could not be issued to third parties at less than the contractual yield specified in our liquidity obligations. In addition, in our role as conduit administrator, the Corporation removed certain assets from the CDO conduit in the fourth quarter of 2007 due to a decline in credit quality.

At March 31, 2008 and December 31, 2007, we held commercial paper with a carrying value of $5.6 billion and $6.6 billion on the balance sheet that was issued by the unconsolidated CDOs and the CDO conduit. In addition, at March 31, 2008 and December 31, 2007, we also held AFS debt securities with a fair value of $3.8 billion and $2.8 billion and trading account assets with a fair value of $1.0 billion and $1.3 billion that were issued by CDOs to which we no longer provide liquidity support or that we acquired in connection with the removal of certain assets from the CDO conduit, as discussed above. For more information on our super senior CDO exposure and related writedowns see our CDO exposure discussion beginning on page 67.

**Customer-Sponsored Conduits**

We provide liquidity facilities to conduits that are sponsored by our customers and which provide them with direct access to the commercial paper market. We are typically one of several liquidity providers for a customer's conduit. We do not provide SBLCs or other forms of credit enhancement to these conduits. Assets of these conduits consist primarily of auto loans, student loans and credit card receivables. The liquidity commitments benefit from structural protections which vary depending upon the program, but given these protections, the exposures are viewed to be of investment grade quality.

These commitments are included in Table 9 in the Obligations and Commitments section below. As we typically provide less than 20 percent of the total liquidity commitments to these conduits and do not provide other forms of support, we have concluded that we do not hold a significant variable interest in the conduits and they are not included in our discussion of VIEs in *Note 9 – Variable Interest Entities* to the Consolidated Financial Statements.

## Obligations and Commitments

We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. These obligations are more fully discussed in *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements and in *Note 12 – Short-term Borrowings and Long-term Debt* and *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

Many of our lending relationships contain funded and unfunded elements. The funded portion is reflected on our balance sheet. For lending relationships carried at historical cost, the unfunded component of these commitments is not recorded on our balance sheet until a draw is made under the credit facility; however, a reserve is established for probable losses. For lending commitments for which we account for under SFAS 159, the fair value of the commitment is recorded in accrued expenses and other liabilities. The Corporation also manages certain concentrations of commitments (e.g., bridge financing) through its established "originate to distribute" strategy.

For more information on these commitments and guarantees, including equity commitments, see *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements. For more information on SFAS 159, see *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements.

We enter into commitments to extend credit such as loan commitments, SBLCs and commercial letters of credit to meet the financing needs of our customers. The following table summarizes the total unfunded, or off-balance sheet, credit extension commitment amounts by expiration date. At March 31, 2008, the unfunded lending commitments related to charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. Government in the amount of $9.8 billion (related outstandings of $228 million) were not included in credit card line commitments in the table below.

***Table 9***

***Credit Extension Commitments***

| | March 31, 2008 | | | | |
|---|---|---|---|---|---|
| (Dollars in millions) | Expires in 1 year or less | Expires after 1 year through 3 years | Expires after 3 years through 5 years | Expires after 5 years | Total |
| Loan commitments | $166,182 | $93,978 | $103,308 | $28,770 | $392,238 |
| Home equity lines of credit | 8,337 | 1,814 | 2,921 | 107,225 | 120,297 |
| Standby letters of credit and financial guarantees | 32,322 | 14,322 | 8,612 | 8,940 | 64,196 |
| Commercial letters of credit | 3,103 | 170 | 31 | 1,268 | 4,572 |
| Legally binding commitments (1) | 209,944 | 110,284 | 114,872 | 146,203 | 581,303 |
| Credit card lines | 883,710 | 18,261 | - | - | 901,971 |
| **Total credit extension commitments** | $1,093,654 | $128,545 | $114,872 | $146,203 | $1,483,274 |

(1) Includes commitments of $44.4 billion to corporation-sponsored multi-seller conduits, $2.3 billion to CDOs, $5.8 billion to municipal bond trusts and $1.7 billion to customer-sponsored conduits at March 31, 2008.

**Other Commitments**

We provided support to cash funds managed within *GWIM* by purchasing certain assets at fair value and by committing to provide a limited amount of capital to the funds. For more information, see *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements.

## Fair Values of Level 3 Assets and Liabilities

We fair value certain assets and liabilities that are classified as Level 3 under the fair value hierarchy established in SFAS 157. These Level 3 assets and liabilities are valued using significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. These Level 3 financial assets and liabilities, include private equity investments, retained residual interests in securitizations, residential MSRs, ABSs, highly structured or long-term derivative contracts and certain CDOs, for which there is not an active market for identical assets from which to determine fair value. Neither is there sufficient, current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model. In those cases, the fair values of these Level 3 financial assets and liabilities are determined using pricing models, discounted cash flow methodologies, a net asset value approach for certain structured securities, or similar techniques, for which the determination of fair value requires significant management judgment or estimation.

Valuations of products using models or other techniques are sensitive to assumptions used for the significant inputs. Where market data is available, the inputs used for valuation reflect that information as of our valuation date. In periods of extreme volatility, lessened liquidity or in illiquid markets, there may be more variability in market pricing or a lack of market data to use in the valuation process. Judgment is then applied in formulating those inputs. Our valuation risk, however, is mitigated through the holding of valuation adjustments for particular inputs, performance of stress testing of those inputs to understand the impact that varying assumptions may have on the valuation and other review processes performed to ensure appropriate valuation.

For example, at March 31, 2008, classified within Level 3 are $2.5 billion of trading account assets, $1.4 billion of AFS debt securities, and $321 million of net derivative assets associated with our CDO exposures which were valued using certain techniques. For more information regarding our CDO exposure and related valuation techniques, see our CDO exposure discussion on page 67.

In addition, within AFS debt securities we also held $5.6 billion of commercial paper issued by CDO vehicles to which we provide liquidity support. Substantially all of this amount was classified as Level 3 at March 31, 2008. During the three months ended March 31, 2008, we did not record losses on this commercial paper (carried at par due to its short-term nature) as losses associated with our liquidity support commitments are recorded as Level 3 derivative liabilities. Furthermore, we had no unrealized losses recorded in accumulated OCI related to our Level 3 CDO AFS debt securities at March 31, 2008. For further information on the types of assets underlying these exposures (e.g., percentage of subprime assets and vintages) see our CDO exposure discussion on page 67. At March 31, 2008, Level 3 AFS debt securities and trading account assets also included $2.4 billion of securities primarily backed by prime and residential reverse mortgages.

Consumer MSRs are also included in Level 3 assets and require significant management judgment and estimation. The fair value of consumer MSRs is determined using models which depend on estimates of prepayment rates, the resultant weighted average lives of the MSRs and the option adjusted spread (OAS) levels. For more information on Level 3 MSRs and their sensitivity to prepayment rates and OAS levels, see *Note 21 – Mortgage Servicing Rights* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

For additional information on our Level 1, 2 and 3 fair value measurements, including the valuation techniques utilized to determine their fair values, see *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements.

The table below presents a reconciliation for all Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2008. Level 3 assets, before the impact of counterparty netting related to our derivative positions, were $39.7 billion as of March 31, 2008 and represented approximately eight percent of assets measured at fair value (or two percent of total assets). Level 3 liabilities, before the impact of counterparty netting related to our derivative positions, were $11.4 billion as of March 31, 2008 and represented approximately 11 percent of the liabilities measured at fair value (or less than one percent of total liabilities). See page 31 of *Note 14 – Fair Value Disclosures* for a table that presents the fair value of Level 1, 2 and 3 assets and liabilities at March 31, 2008.

***Table 10***
***Level 3 Rollforward***

| | Total Fair Value Measurements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Three Months Ended March 31, 2008 | | | | | | |
| **Level 3 Instruments Only** (Dollars in millions) | Net Derivatives [1] | Trading Account Assets | Available-for-Sale Debt Securities | Loans and Leases [2] | Mortgage Servicing Rights | Other Assets [3] | Accrued Expenses and Other Liabilities [2] |
| **Balance, January 1, 2008** | **$(1,203)** | **$4,027** | **$5,507** | **$4,590** | **$3,053** | **$5,321** | **$(660)** |
| Total realized and unrealized gains (losses): | | | | | | | |
| Included in earnings | 490 | (560) | (489) | (125) | (47) | 423 | (243) |
| Included in other comprehensive income | - | - | (582) | - | - | - | - |
| Purchases, issuances, and settlements | 524 | (568) | 1,252 | 592 | 157 | (124) | - |
| Transfers in to/out of Level 3 | 505 | 2,623 | 3,970 | - | - | (124) | - |
| **Balance, March 31, 2008** | **$316** | **$5,522** | **$9,658** | **$5,057** | **$3,163** | **$5,496** | **$(903)** |

(1) Net derivatives at March 31, 2008 included derivative assets of $10.83 billion and derivative liabilities of $10.52 billion.
(2) Amounts represented items which are accounted for at fair value in accordance with SFAS 159 including commercial loan commitments recorded in accrued expenses and other liabilities.
(3) Other assets included equity investments held by Principal Investing and certain retained interests in securitization vehicles, including interest-only strips. Certain portfolios of LHFS, principally reverse mortgages, are also accounted for at fair value in accordance with SFAS 159.

During the three months ended March 31, 2008, valuations of certain CDO securities and related written put options continue to decline in response to market concerns. Additionally, liquidity issues in the ARS sector have impacted the value of such securities. It is possible that the economic value of these securities could be different as the cash flows from the underlying assets may ultimately be higher or lower than the assumptions used in current valuation models. With the exception of ARS backed by student loans discussed below, there have been no significant changes to the valuation methodologies used to value Level 3 assets and liabilities during the period.

During the three months ended March 31, 2008, we recognized net realized and unrealized losses of $551 million on Level 3 assets and liabilities which were primarily related to losses on our CDO-related exposures and ARS. We also recorded unrealized losses of $582 million (pre-tax) through OCI during the three months then ended, predominantly as a result of widening credit spreads on residential mortgage backed securities. Level 3 financial instruments may be economically hedged with derivatives not classified as Level 3; therefore, gains or losses associated with Level 3 financial instruments may be offset by gains or losses associated with financial instruments classified in other levels of the fair value hierarchy. The net losses recorded in earnings and OCI did not have a significant impact on our liquidity or capital resources.

During the three months ended March 31, 2008, we had net purchases of $1.3 billion of Level 3 AFS debt securities which included predominantly SIV investments from the *Columbia* mutual funds which we purchased for $994 million. Losses of $93 million on these investments were recorded for the three months ended March 31, 2008 due to the difference between amortized cost and fair value upon purchase, and are included in the table above. During the three months ended March 31, 2008 we also had net paydowns of $568 million in trading account assets that related primarily to commercial paper backed by SIVs. In addition, loans and leases had net originations of $592 million. This included $1.4 billion of newly originated and funded commercial loans that are accounted for at fair value in accordance with SFAS 159, partially offset by paydowns of $854 million.

Transfers into or out of Level 3 were made if the inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable respectively, in the current marketplace. These transfers are effective as of the beginning of the quarter, therefore any gains or losses occurring on these assets and liabilities are included in the table above.

During the three months ended March 31, 2008, there were two significant transfers into Level 3. The first transfer includes $4.4 billion of commercial paper transferred due to a lack of liquidity in the market. The commercial paper was issued by CDO vehicles to which we provide liquidity support as described above. The second transfer relates to ARS held as trading account assets of $2.0 billion. Of these, $1.5 billion were ARS backed by student loans, and prices for these assets became unobservable in the marketplace due to a lack of liquidity in the first quarter of 2008. An unrealized loss of $216 million was recognized in earnings due to a decline in market value of the ARS during the three months ended March 31, 2008. In light of the illiquidity in the student loan ARS sector, we implemented a change to our valuation approach for these instruments, basing the valuation on assumptions about the weighted average life of the security, estimated future coupons to be paid and spreads observed in pricing of similar instruments. For more information on CDO-related exposure and ARS see the *CMAS* discussion beginning on page 65.

## Managing Risk

Our management governance structure enables us to manage all major aspects of our business through an integrated planning and review process that includes strategic, financial, associate, customer and risk planning. We derive much of our revenue from managing risk from customer transactions for profit. In addition to qualitative factors, we utilize quantitative measures to optimize risk and reward trade offs in order to achieve growth targets and financial objectives while reducing the variability of earnings and minimizing unexpected losses. Risk metrics that allow us to measure performance include economic capital targets and corporate risk limits. By allocating economic capital to a line of business, we effectively manage the ability to take on risk. Review and approval of business plans incorporate approval of economic capital allocation, and economic capital usage is monitored through financial and risk reporting. Industry, country, trading, asset allocation and other limits supplement the allocation of economic capital. These limits are based on an analysis of risk and reward in each line of business and management is responsible for tracking and reporting performance measurements as well as any exceptions to guidelines or limits. Our risk management process continually evaluates risk and appropriate metrics needed to measure it. Our business exposes us to the following major risks: strategic, liquidity, credit, market and operational risk. For a more detailed discussion of our risk management activities, see pages 40 through 68 of the MD&A of the Corporation's 2007 Annual Report on Form 10-K.

## Strategic Risk Management

Strategic risk is the risk that adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, execution and/or other intrinsic risks of business will impact our ability to meet our objectives. We use an integrated planning process to help manage strategic risk. A key component of the planning process aligns strategies, goals, tactics and resources throughout the enterprise. The process begins with the creation of a corporate-wide business plan which incorporates an assessment of the strategic risks. This business plan establishes the corporate strategic direction. The planning process then cascades through the lines of business, creating business line plans that are aligned with the Corporation's strategic direction. At each level, tactics and metrics are identified to measure success in achieving goals and assure adherence to the plans. As part of this process, the lines of business continuously evaluate the impact of changing market and business conditions, and the overall risk in meeting objectives. See the Operational Risk Management section beginning on page 128 for a further description of this process. Corporate Audit in turn monitors, and independently reviews and evaluates, the plans and measurement processes.

One of the key tools we use to manage strategic risk is economic capital allocation. Through the economic capital allocation process, we effectively manage each line of business's ability to take on risk. Review and approval of business plans incorporate approval of economic capital allocation, and economic capital usage is monitored through financial and risk reporting. Economic capital allocation plans for the lines of business are incorporated into the Corporation's operating plan that is approved by the Board on an annual basis.

Table of Contents

## Liquidity Risk and Capital Management

### *Liquidity Risk*

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business operations, and meet contractual obligations through unconstrained access to funding at reasonable market rates. Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the needs and accommodate fluctuations in asset and liability levels due to changes in our business operations or unanticipated events. A more detailed discussion of our liquidity risk is included beginning on page 41 of the MD&A of the Corporation's 2007 Annual Report on Form 10-K.

Our borrowing costs and ability to raise funds are directly impacted by our credit ratings. The credit ratings of Bank of America Corporation and Bank of America, N.A. as of May 8, 2008 are reflected in the table below.

***Table 11***
***Credit Ratings***

| | Bank of America Corporation | | | Bank of America, N.A. | |
|---|---|---|---|---|---|
| | Senior Debt | Subordinated Debt | Commercial Paper | Short-term Borrowings | Long-term Debt |
| Moody's Investors Service | Aa2 | Aa3 | P-1 | P-1 | Aaa |
| Standard & Poor's | AA | AA- | A-1+ | A-1+ | AA+ |
| Fitch Ratings | AA | AA- | F1+ | F1+ | AA |

The parent company maintains a cushion of excess liquidity that would be sufficient to fully fund the holding company and nonbank affiliate operations for an extended period during which funding from normal sources is disrupted. The primary measure used to assess the parent company's liquidity is the "Time to Required Funding" during such a period of liquidity disruption. This measure assumes that the parent company is unable to generate funds from debt or equity issuance, receives no dividend income from subsidiaries, and no longer pays dividends to shareholders while continuing to meet nondiscretionary uses needed to maintain bank operations and repayment of contractual principal and interest payments owed by the parent company and affiliated companies. Under this scenario, the amount of time the parent company and its nonbank subsidiaries can operate and meet all obligations before the current liquid assets are exhausted is considered the "Time to Required Funding." ALCO approves the target range set for this metric, in months, and monitors adherence to the target. Maintaining excess parent company cash helps to facilitate the target range of 21 to 27 months for "Time to Required Funding" and is the primary driver of the timing and amount of the Corporation's debt issuances. As of March 31, 2008, "Time to Required Funding" was 20 months compared to 19 months at December 31, 2007. Our "Time to Required Funding" remained below our target range at March 31, 2008 primarily due to the funding of LaSalle and the impact of the market disruptions that began in the second half of 2007 on our earnings.

One ratio that can be used to monitor the stability of funding composition is the "loan to domestic deposit" ratio. This ratio reflects the percent of loans and leases that are funded by domestic core deposits, a relatively stable funding source. A ratio below 100 percent indicates that our loan portfolio is completely funded by domestic core deposits. The ratio was 125 percent at March 31, 2008 compared to 127 percent at December 31, 2007.

The financial market disruptions that began in 2007 continued to impact the economy and financial services sector during the three months ended March 31, 2008. While market conditions have been challenging, we have taken direct actions to enhance our liquidity position during this period including the issuance of $12.9 billion of preferred stock by the parent company and $6.0 billion of extendible bank notes by Bank of America, N.A. Furthermore, in the first half of the second quarter of 2008, we issued an additional $4.0 billion of preferred stock and $6.0 billion of senior notes by the parent company and $4.0 billion of senior bank notes by Bank of America, N.A. It remains unclear when the current market conditions will subside, however, the conservative management of our liquidity position enables us to meet our liquidity requirements and manage within our usual parameters.

## *Regulatory Capital*

As a regulated financial services company, we are governed by certain regulatory capital requirements. To meet minimum, adequately-capitalized regulatory requirements, an institution must maintain a Tier 1 Capital ratio of four percent and a Total Capital ratio of eight percent. A well-capitalized institution must generally maintain capital ratios 200 bps higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a leverage ratio, defined as Tier 1 Capital divided by adjusted quarterly average total assets, after certain adjustments. “Well-capitalized” bank holding companies must have a minimum Tier 1 leverage ratio of three percent and are not subject to an FRB directive to maintain higher capital levels. National banks must maintain a Tier 1 leverage ratio of at least five percent to be classified as “well-capitalized.”

At March 31, 2008 and December 31, 2007, the Corporation, Bank of America, N.A., FIA Card Services, N.A., and LaSalle Bank, N.A., were classified as “well-capitalized” for regulatory purposes, the highest classification. There have been no conditions or events since March 31, 2008 that have changed the Corporation’s, Bank of America, N.A.’s, FIA Card Services, N.A.’s, and LaSalle Bank, N.A.’s capital classifications.

Presented in Table 12 are the regulatory capital ratios, actual capital amounts and minimum required capital amounts for the Corporation, Bank of America, N.A., FIA Card Services, N.A., and LaSalle Bank, N.A. at March 31, 2008 and December 31, 2007.

***Table 12***
***Regulatory Capital***

| | **March 31, 2008** | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Actual** | | | **Minimum** | Actual | | | Minimum |
| (Dollars in millions) | **Ratio** | | **Amount** | **Required (1)** | Ratio | | Amount | Required (1) |
| **Risk-based capital** | | | | | | | | |
| **Tier 1** | | | | | | | | |
| *Bank of America Corporation* | **7.51** | **%** | **$93,910** | **$50,052** | 6.87 | % | $83,372 | $48,516 |
| Bank of America, N.A. | **7.94** | | **75,953** | **38,263** | 8.23 | | 75,395 | 36,661 |
| FIA Card Services, N.A. | **14.34** | | **21,530** | **6,003** | 14.29 | | 21,625 | 6,053 |
| LaSalle Bank, N.A. | **10.20** | | **6,654** | **2,611** | 9.91 | | 6,838 | 2,759 |
| **Total** | | | | | | | | |
| *Bank of America Corporation* | **11.71** | | **146,547** | **100,104** | 11.02 | | 133,720 | 97,032 |
| Bank of America, N.A. | **10.87** | | **103,957** | **76,527** | 11.01 | | 100,891 | 73,322 |
| FIA Card Services, N.A. | **16.84** | | **25,279** | **12,006** | 16.82 | | 25,453 | 12,105 |
| LaSalle Bank, N.A. | **11.42** | | **7,453** | **5,221** | 11.02 | | 7,605 | 5,518 |
| **Tier 1 Leverage** | | | | | | | | |
| *Bank of America Corporation* | **5.61** | | **93,910** | **50,236** | 5.04 | | 83,372 | 49,595 |
| Bank of America, N.A. | **5.86** | | **75,953** | **38,881** | 5.94 | | 75,395 | 38,092 |
| FIA Card Services, N.A. | **15.60** | | **21,530** | **4,098** | 16.37 | | 21,625 | 3,963 |
| LaSalle Bank, N.A. | **10.16** | | **6,654** | **1,966** | 9.21 | | 6,838 | 2,226 |

(1) Dollar amount required to meet guidelines for adequately capitalized institutions.

Table 13 reconciles the Corporation's total shareholders' equity to Tier 1 and Total Capital as defined by the regulations issued by the FRB, the FDIC, and the OCC at March 31, 2008 and December 31, 2007.

***Table 13***

***Reconciliation of Tier 1 and Total Capital***

| (Dollars in millions) | **March 31 2008** | December 31 2007 |
|---|---|---|
| Tier 1 Capital | | |
| Total shareholders' equity | **$156,309** | $146,803 |
| Goodwill | **(77,872)** | (77,530) |
| Nonqualifying intangible assets (1) | **(4,920)** | (5,239) |
| Effect of net unrealized (gains) losses on AFS debt and marketable equity securities and net (gains) losses on derivatives recorded in accumulated OCI, net-of-tax | **(83)** | (2,149) |
| Unamortized net periodic benefit costs recorded in accumulated OCI, net-of-tax | **1,283** | 1,301 |
| Trust securities | **16,863** | 16,863 |
| Other | **2,330** | 3,323 |
| Total Tier 1 Capital | **93,910** | 83,372 |
| Long-term debt qualifying as Tier 2 Capital | **31,967** | 31,771 |
| Allowance for loan and lease losses | **14,891** | 11,588 |
| Reserve for unfunded lending commitments | **507** | 518 |
| Other (2) | **5,272** | 6,471 |
| **Total Capital** | **$146,547** | **$133,720** |

(1) Nonqualifying intangible assets of the Corporation are comprised of core deposit intangibles, affinity relationships and other intangibles.

(2) At March 31, 2008 and December 31, 2007, includes 45 percent of the pre-tax fair value adjustment of $5.2 billion and $6.0 billion related to the Corporation's stock investment in CCB.

***Dividends***

In April 2008, the Board declared a regular quarterly cash dividend on common stock of $0.64 per share payable on June 27, 2008 to shareholders of record on June 6, 2008.

In January 2008, the Board declared a first quarter cash dividend of $0.64 per common share which was paid on March 28, 2008 to shareholders of record on March 7, 2008.

In April 2008, we declared five dividends in regards to preferred stock. The first was a $1.75 regular quarterly cash dividend on the 7 percent Cumulative Redeemable Preferred Stock, Series B, payable on July 25, 2008 to shareholders of record on July 9, 2008. The second was a $0.38775 regular quarterly cash dividend per depositary share on the 6.204% Non-Cumulative Preferred Stock, Series D, payable on June 16, 2008 to shareholders of record on May 30, 2008. The third was a regular quarterly cash dividend of $0.25000 per depositary share on the Floating Rate Non-Cumulative Preferred Stock, Series E, payable on May 15, 2008 to shareholders of record on April 30, 2008. The fourth was a regular quarterly cash dividend of $0.41406 per depositary share on the 6.625% Non-Cumulative Preferred Stock, Series I, payable on July 1, 2008 to shareholders of record on June 15, 2008. The fifth was a regular quarterly cash dividend of $0.45312 per depositary share on the 7.25% Non-Cumulative Preferred Stock, Series J, payable on May 1, 2008 to shareholders of record on April 15, 2008. In March 2008, we declared an $18.3264 quarterly cash dividend on the 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, which was paid on April 30, 2008 to shareholders of record on April 1, 2008.

In January 2008, we declared five dividends in regards to preferred stock. The first was a $1.75 regular quarterly cash dividend on the 7 percent Cumulative Redeemable Preferred Stock, Series B, which was paid on April 25, 2008 to shareholders of record on April 11, 2008. The second was a regular quarterly cash dividend of $0.38775 per depositary share on the 6.204% Non-Cumulative Preferred Stock, Series D, which was paid on March 14, 2008 to shareholders of record on February 29, 2008. The third was a regular quarterly cash dividend of $0.33342 per depositary share on the

Floating Rate Non-Cumulative Preferred Stock, Series E, which was paid on February 15, 2008 to shareholders of record on January 31, 2008. The fourth was a regular quarterly cash dividend of $0.41406 per depositary share on the 6.625% Non-Cumulative Preferred Stock, Series I, which was paid on April 1, 2008 to shareholders of record on March 15, 2008. The fifth was the initial cash dividend of $0.35750 per depositary share on the 7.25% Non-Cumulative Preferred Stock, Series J, which was paid on February 1, 2008 to shareholders of record on January 15, 2008.

The payment of semiannual dividends on certain series of our non-cumulative preferred stock, subject to future declaration, will result in a decrease in our net income available to common shareholders and earnings per common share in only the quarters in which they are declared.

***Common Share Repurchases***

We may repurchase shares, from time to time, in the open market or in private transactions through our approved repurchase programs. We did not repurchase any shares of the Corporation's common stock for the three months ended March 31, 2008, and we expect to remain share neutral in subsequent periods until we return to our 8 percent Tier 1 Capital ratio target. We issued 14.9 million shares primarily related to restricted stock activity during the three months ended March 31, 2008.

In January 2007, the Board authorized a stock repurchase program of up to 200 million shares of the Corporation's common stock at an aggregate cost not to exceed $14.0 billion, of which the lesser of approximately $13.5 billion, or 189.4 million shares, remain available for repurchase under the program at March 31, 2008. The stock repurchase program will expire in the third quarter of 2008.

***Preferred Stock***

In April 2008, we issued 160 thousand shares of Series M Preferred Stock with a par value of $0.01 per share for $4.0 billion. The fixed rate is 8.125 percent through May 14, 2018 and then adjusts to three-month LIBOR plus 364 bps thereafter.

In January 2008, we issued 240 thousand shares of Bank of America Corporation Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K with a par value of $0.01 per share for $6.0 billion. The fixed rate is 8.00 percent through January 29, 2018 and then adjusts to three-month LIBOR plus 363 bps thereafter. In addition, we issued 6.9 million shares of Bank of America Corporation 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L with a par value of $0.01 per share for $6.9 billion.

For additional information on the issuance of preferred stock, see *Note 12 – Shareholders' Equity and Earnings per Common Share* to the Consolidated Financial Statements.

## Credit Risk Management

Credit risk is the risk of loss arising from the inability of a borrower or counterparty to meet its obligations. Credit risk can also arise from operational failures that result in an erroneous advance, commitment or investment of funds. We define the credit exposure to a borrower or counterparty as the loss potential arising from all product classifications including loans and leases, deposit overdrafts, derivatives, assets held-for-sale and unfunded lending commitments that include loan commitments, letters of credit and financial guarantees. Derivative positions and assets held-for-sale are recorded at fair value, or the lower of cost or fair value. Certain loans and unfunded commitments are accounted for at fair value in accordance with SFAS 159. Credit risk for these categories of assets is not accounted for as part of the allowance for credit losses but as part of the fair value adjustment recorded in earnings in the period incurred. For derivative positions, our credit risk is measured as the net replacement cost in the event the counterparties with contracts in a gain position to us fail to perform under the terms of those contracts. We use the current mark-to-market value to represent credit exposure without giving consideration to future mark-to-market changes. The credit risk amounts take into consideration the effects of legally enforceable master netting agreements and cash collateral. Our consumer and commercial credit extension and review procedures take into account funded and unfunded credit exposures. For additional information on derivatives and credit extension commitments, see *Note 4 – Derivatives* and *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements.

For credit risk purposes, we evaluate our consumer businesses on both a held and managed basis. Managed basis assumes that loans that have been securitized were not sold and presents earnings on these loans in a manner similar to the way loans that have not been sold (i.e., held loans) are presented. We evaluate credit performance on a managed basis as the receivables that have been securitized are subject to the same underwriting standards and ongoing monitoring as held loans. In addition to the discussion of credit quality statistics of both held and managed loans included in this section, refer to the *Card Services* discussion beginning on page 59. For additional information on our managed portfolio and securitizations, see *Note 8 – Securitizations* to the Consolidated Financial Statements.

We manage credit risk based on the risk profile of the borrower or counterparty, repayment sources, the nature of underlying collateral, and other support given current events, conditions and expectations. We classify our portfolios as either consumer or commercial and monitor credit risk in each as discussed below.

The financial market conditions that existed in the second half of 2007 have continued to affect the economy and the financial services sector in 2008. It remains unclear what impact the housing downturn, declines in real estate values and the overall economic slowdown will ultimately have and how long these conditions will exist. We expect that certain industry sectors, in particular those that are dependent on the housing sector and discretionary consumer spending, and certain geographic regions will experience further stress. Continued deterioration of the housing market, including recessionary conditions, will negatively impact the credit quality of our consumer portfolio as well as the credit quality of the consumer dependent sectors of our commercial portfolio and may result in a higher provision for credit losses in future periods.

As part of our credit risk management culture, we continue to refine our credit standards to meet the changing economic environment. We have adjusted our underwriting criteria, as well as enhanced our line management and collection strategies across the consumer businesses in an attempt to mitigate losses. In response to the significant deterioration in the home equity portfolio we have implemented initiatives including underwriting changes on newly originated home equity loans which increased the minimum FICO score and reduced the maximum combined loan-to-value (CLTV) to 85 percent. Additional CLTV reductions were implemented for higher risk geographies. In addition, we have reduced unfunded lines on deteriorating accounts with declining equity positions where allowed. Further, we are increasing our customer assistance and collections infrastructure and expanding the use of current loss mitigation options including an enhanced set of workout solutions.

In an attempt to mitigate losses in the commercial businesses, we have increased the frequency of portfolio monitoring, hedging activity and our efforts in managing the exposure when we begin to see signs of deterioration. A number of initiatives have also been implemented in our small business commercial – domestic portfolio including changes to underwriting thresholds, augmented by granular decisioning by experienced underwriters including increasing minimum FICO scores and lowering initial line assignments. We have also decreased credit lines on higher risk customers in higher risk states and industries.

In addition to the above, we have instituted a number of other initiatives related to the various credit portfolios in an attempt to mitigate losses. However, we can not determine how effective any of the aforementioned (including the above) initiatives will be as they are dependent upon a variety of factors including the duration and severity of the housing downturn, uncertainty in energy costs and the overall economic environment.

## Consumer Portfolio Credit Risk Management

Credit risk management for the consumer portfolio begins with initial underwriting and continues throughout a borrower's credit cycle. Statistical techniques in conjunction with experiential judgment are used in all aspects of portfolio management including underwriting, product pricing, risk appetite, setting credit limits, operating processes and metrics to quantify and balance risks and returns. Statistical models are built using detailed behavioral information from external sources such as credit bureaus and/or internal historical experience. These models are a critical component of our consumer credit risk management process and are used in the determination of both new and existing credit decisions, portfolio management strategies including authorizations and line management, collection practices and strategies, determination of the allowance for credit losses, and economic capital allocations for credit risk.

For information on our accounting policies regarding delinquencies, nonperforming status and charge-offs for the consumer portfolio, see*Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

### *Management of Consumer Credit Risk Concentrations*

Consumer credit risk is evaluated and managed with a goal that credit concentrations do not result in undesirable levels of risk. We review, measure and manage credit exposure in numerous ways such as by product and geography in order to achieve the desired mix. Additionally, to enhance our overall risk management strategy credit protection is purchased on certain portions of our portfolio.

***Consumer Credit Portfolio***

Table 14 presents our held and managed consumer loans and leases, and related credit quality information. Overall, consumer credit quality indicators continued to deteriorate during the three months ended March 31, 2008. Continued weakness in the housing markets, the slowing economy and seasoning of recent vintages in certain higher growth portfolios, resulted in rising credit risk, most notably in home equity.

***Table 14***
***Consumer Loans and Leases***

| | Outstandings | | Nonperforming (1, 2) | | Accruing Past Due 90 Days or More (3) | | Net Charge-offs / losses (4) Three Months Ended March 31 | | Net Charge-off / Loss Ratios (5) Three Months Ended March 31 | |
|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | **March 31 2008** | December 31 2007 | **March 31 2008** | December 31 2007 | **March 31 2008** | December 31 2007 | **2008** | 2007 | **2008** | 2007 |
| **Held basis** | | | | | | | | | | |
| Residential mortgage | **$266,145** | $274,949 | **$2,576** | $1,999 | **$248** | $237 | **$66** | $6 | **0.10 %** | 0.01 % |
| Credit card – domestic | **60,393** | 65,774 | **n/a** | n/a | **1,786** | 1,855 | **847** | 806 | **5.39** | 5.66 |
| Credit card – foreign | **15,518** | 14,950 | **n/a** | n/a | **269** | 272 | **109** | 88 | **2.87** | 3.22 |
| Home equity | **118,381** | 114,820 | **1,786** | 1,340 | **-** | - | **496** | 17 | **1.71** | 0.08 |
| Direct/Indirect consumer (6) | **80,446** | 76,858 | **6** | 8 | **861** | 745 | **555** | 279 | **2.83** | 1.77 |
| Other consumer (7) | **3,746** | 3,850 | **91** | 95 | **3** | 4 | **86** | 48 | **9.15** | 3.95 |
| Total held | **544,629** | 551,201 | **4,459** | 3,442 | **3,167** | 3,113 | **2,159** | 1,244 | **1.58** | 1.06 |
| **Securitization impact** | **112,791** | 108,646 | **2** | 2 | **3,142** | 2,764 | **1,425** | 1,144 | **5.18** | 4.23 |
| **Total consumer loans and leases – managed** | **$657,420** | $659,847 | **$4,461** | $3,444 | **$6,309** | $5,877 | **$3,584** | $2,388 | **2.19** | 1.66 |
| **Managed basis** | | | | | | | | | | |
| Residential mortgage | **$269,725** | $278,733 | **$2,576** | $1,999 | **$248** | $237 | **$66** | $6 | **0.10 %** | 0.01 % |
| Credit card – domestic | **151,441** | 151,862 | **n/a** | n/a | **4,446** | 4,170 | **2,068** | 1,651 | **5.48** | 4.80 |
| Credit card – foreign | **32,317** | 31,829 | **n/a** | n/a | **746** | 714 | **304** | 302 | **3.84** | 4.37 |
| Home equity | **118,505** | 114,995 | **1,788** | 1,342 | **-** | - | **496** | 17 | **1.71** | 0.08 |
| Direct/Indirect consumer (6) | **81,686** | 78,578 | **6** | 8 | **866** | 752 | **564** | 364 | **2.82** | 2.11 |
| Other consumer (7) | **3,746** | 3,850 | **91** | 95 | **3** | 4 | **86** | 48 | **9.15** | 3.95 |
| **Total consumer loans and leases – managed** | **$657,420** | $659,847 | **$4,461** | $3,444 | **$6,309** | $5,877 | **$3,584** | $2,388 | **2.19** | 1.66 |

(1) The definition of nonperforming does not include consumer credit card and consumer non-real estate loans and leases. These loans are charged-off no later than the end of the month in which the account becomes 180 days past due.
(2) Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases were 0.82 percent and 0.62 percent on a held basis, and 0.68 percent and 0.52 percent on a managed basis at March 31, 2008 and December 31, 2007.
(3) Accruing consumer loans and leases past due 90 days or more as a percentage of outstanding consumer loans and leases were 0.58 percent and 0.57 percent on a held basis, and 0.96 percent and 0.89 percent on a managed basis at March 31, 2008 and December 31, 2007.
(4) Includes a reduction in net charge-offs on residential mortgage of $2 million and home equity of $3 million as a result of the impact of SOP 03-3 for the three months ended March 31, 2008.
(5) Net charge-off/loss ratios are calculated as annualized held net charge-offs or managed net losses divided by average outstanding held or managed loans and leases during the period for each loan and lease category.
(6) Outstandings include foreign consumer loans of $3.2 billion and $3.4 billion at March 31, 2008 and December 31, 2007.
(7) Outstandings include consumer finance loans of $2.9 billion and $3.0 billion and other foreign consumer loans of $841 million and $829 million at March 31, 2008 and December 31, 2007.

n/a = not applicable

### Residential Mortgage

The residential mortgage portfolio makes up the largest percentage of our consumer loan portfolio at 49 percent of held consumer loans and leases and 41 percent of managed consumer loans and leases at March 31, 2008. Approximately 25 percent of the managed residential portfolio is in *GCSBB* and *GWIM* and represents residential mortgages that are originated for the home purchase and refinancing needs of our customers. The remaining portion of the managed portfolio is mostly in *All Other*, and is comprised of purchased and originated residential mortgage loans used in our overall ALM activities.

On a held basis, outstanding loans and leases decreased $8.8 billion at March 31, 2008 compared to December 31, 2007 as new loan originations were more than offset by sales and the conversion of loans into mortgage-backed securities that were retained by us. Nonperforming balances increased $577 million due to portfolio seasoning reflective of growth in the business and the impact of the weak housing market. At March 31, 2008 and December 31, 2007, loans past due 90 days or more and still accruing interest of $248 million and $237 million were related to repurchases pursuant to our servicing agreements with Government National Mortgage Association (GNMA) mortgage pools where repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.

We mitigate a portion of our credit risk through synthetic securitizations which are cash collateralized and will reimburse us in the event that losses exceed 10 bps of the original pool balance. As of March 31, 2008 and December 31, 2007, $133.5 billion and $140.0 billion of mortgage loans were protected by these agreements. In addition, we have entered into credit protection agreements with government-sponsored agencies on $27.2 billion and $33.0 billion as of March 31, 2008 and December 31, 2007, providing full protection on conforming residential mortgage loans that become severely delinquent. Our regulatory risk-weighted assets were reduced as a result of these transactions because we transferred a portion of our credit risk to unaffiliated parties. At March 31, 2008 and December 31, 2007, these transactions had the cumulative effect of reducing our risk-weighted assets by $46.6 billion and $49.0 billion, and resulted in an increase of 28 bps and 27 bps in our Tier 1 Capital ratio at March 31, 2008 and December 31, 2007.

Residential mortgage loans to borrowers in the state of California represented 33 percent and 32 percent of total residential mortgage managed loans at March 31, 2008 and December 31, 2007. The Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (MSA) within California represented 11 percent of the total residential mortgage portfolio at both March 31, 2008 and December 31, 2007. In addition, residential mortgage loans to borrowers in the state of Florida represented six percent of the total residential mortgage portfolio at both March 31, 2008 and December 31, 2007. Total credit risk on three percent and 13 percent of our mortgage loans in California and Florida has been mitigated through the purchase of protection from government sponsored entities. Additionally, 63 percent and 41 percent of loans in California and Florida are in reference pools of synthetic securities, as described above, which provide mezzanine protection. See Geographic Concentrations beginning on page 99 for more information on our significant state concentrations.

Due to current market conditions, members of the mortgage servicing industry are evaluating a number of programs for identifying subprime residential mortgage loan borrowers who are at risk of default and offering loss mitigation strategies, including repayment plans and loan modifications, to such borrowers. Generally these programs require that the borrower and subprime residential mortgage loan meet certain criteria in order to qualify for a modification. The SEC's Office of the Chief Accountant (OCA) had noted that if certain loan modification requirements are met, the OCA will not object to continued status of the transferee as a QSPE under SFAS 140. We do not currently originate or service significant subprime residential mortgage loans, nor do we hold a significant amount of beneficial interests in QSPE securitizations of subprime residential mortgage loans. We do not expect that the implementation of these programs will have a significant impact on our financial condition and results of operations.

**Credit Card – Domestic**

The consumer domestic credit card portfolio is managed in *Card Services*. Outstandings in the held domestic credit card loan portfolio decreased $5.4 billion at March 31, 2008 compared to December 31, 2007 due to an increase in securitized levels. Held domestic loans past due 90 days or more and still accruing interest decreased $69 million.

Net charge-offs for the held domestic portfolio increased $41 million to $847 million for the three months ended March 31, 2008, or 5.39 percent of total average held credit card – domestic loans compared to 5.66 percent for the same period in 2007. Net charge-offs increased primarily due to seasoning of recent vintages, the impacts of a slowing economy particularly in geographic areas that have experienced the most significant home price declines, and higher bankruptcies. This increase was partially offset by the addition of higher loss profile accounts to the securitization trust which also drove the decrease in the net charge-off rate.

Managed domestic credit card outstandings remained relatively flat at $151.4 billion at March 31, 2008 compared to December 31, 2007. Managed net losses increased $417 million to $2.1 billion for the three months ended March 31, 2008, or 5.48 percent of total average managed domestic loans compared to 4.80 percent for the same period in 2007. The increase was due to the seasoning of recent vintages, the impacts of a slowing economy and higher bankruptcies.

**Credit Card – Foreign**

The consumer foreign credit card portfolio is managed in *Card Services*. Outstandings in the held foreign credit card loan portfolio increased $568 million to $15.5 billion at March 31, 2008 compared to December 31, 2007 primarily due to organic growth. Net charge-offs for the held foreign portfolio increased $21 million to $109 million for the three months ended March 31, 2008, or 2.87 percent of total average held credit card – foreign loans compared to 3.22 percent for the same period in 2007. The increase in held net charge-offs was driven by a lower level of securitizations in 2008 and loan growth. The decrease in the net charge-off rate was due to lower insolvency rates in the European portfolio as well as a higher recovery rate.

Managed foreign credit card outstandings increased $488 million to $32.3 billion at March 31, 2008 compared to December 31, 2007 due to organic growth. Net losses for the managed foreign portfolio remained relatively flat at $304 million for the three months ended March 31, 2008, or 3.84 percent of total average managed credit card – foreign loans compared to 4.37 percent for the same period in 2007. The decline in the managed loss rate was due to the lower insolvency rates in the European portfolio as well as a higher recovery rate.

**Home Equity**

At March 31, 2008, approximately 74 percent of the managed home equity portfolio was included in *GCSBB*, while the remainder of the portfolio was mostly in *GWIM*. This portfolio consists of both revolving and non-revolving first and second lien residential mortgage loans and lines of credit of which we are in a first lien position on approximately 17 percent of the portfolio and for those that we are not we are behind a Bank of America first mortgage on approximately 25 percent of the portfolio. On a held basis, outstanding home equity loans increased $3.6 billion, or three percent, at March 31, 2008 compared to December 31, 2007, primarily due to organic growth.

Nonperforming home equity loans increased $446 million compared to December 31, 2007 and net charge-offs increased $479 million to $496 million for the three months ended March 31, 2008, or 1.71 percent of total average held home equity loans compared to 0.08 percent for the same period in 2007. These increases were driven by the continued weakness in the housing markets, the slowing economy and seasoning of recent vintages originated in periods of higher growth. Additionally, these increases were driven by high CLTV loans in geographic areas that have experienced the most significant declines in home prices. These declines coupled with the fact that most home equity loans are secured by second lien positions significantly reduced and in some cases resulted in no collateral value after consideration of first lien positions. This drove more severe charge-offs as borrowers defaulted.

Home equity loans with greater than 90 percent refreshed CLTV comprised 26 percent of the home equity portfolio and represented 54 percent of the home equity nonperforming loans at March 31, 2008. These loans also represented 82 percent of net charge-offs for the three months ended March 31, 2008. In addition, $33.5 billion, or 28 percent of our home equity portfolio was comprised of 2006 vintages which continue to season and have a higher refreshed CLTV. These 2006 vintage loans accounted for approximately $300 million or 60 percent in net charge offs for the three months ended March 31, 2008. Our 2007 vintages while not yet seasoned are beginning to show similar asset quality characteristics as the 2006 vintages and will continue to be monitored. Furthermore, deterioration was driven by loans that were not originated through the franchise. These loans represent only three percent of the portfolio but accounted for 20 percent of net charge-offs for the three months ended March 31, 2008. We discontinued the program of purchasing non-franchise originated loans in the second quarter of 2007.

Our home equity loan portfolio in the states of California and Florida represented in aggregate 40 percent and 39 percent of outstanding home equity loans at March 31, 2008 and December 31, 2007. These states accounted for $933 million, or 52 percent, of nonperforming home equity loans at March 31, 2008. In addition, these states represented $308 million, or 62 percent, of the home equity net losses for the three months ended March 31, 2008. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 11 percent of outstanding home equity loans at March 31, 2008 and December 31, 2007 but comprised only $24 million and $11 million of net losses. See Geographical Concentrations beginning on page 99 for more information on our significant state concentrations.

**Direct/Indirect Consumer**

At March 31, 2008, approximately 47 percent of the managed direct/indirect portfolio was included in *Business Lending* (automotive, marine, motorcycle and recreational vehicle loans), 45 percent was included in *GCSBB* (unsecured personal loans, student and other non-real estate secured) and the remainder was included in *GWIM* (other non-real estate secured and unsecured personal loans).

On a held basis, outstanding loans and leases increased $3.6 billion at March 31, 2008 compared to December 31, 2007 due to growth in the *Card Services* unsecured lending product. Loans past due 90 days or more and still accruing interest increased $116 million due primarily to portfolio seasoning reflective of growth in the unsecured lending product. Net charge-offs increased $276 million to $555 million for the three months ended March 31, 2008, or 2.83 percent of total average held direct/indirect loans compared to 1.77 percent for the same period in 2007. The increase was concentrated in the *Card Services* unsecured lending portfolio, driven by growth, seasoning and recent portfolio deterioration reflecting the effects of a slowing economy. Additionally, the Corporation discontinued new sales of receivables into the unsecured lending trust. To a lesser extent, deterioration, growth and seasoning in the retail automotive and other dealer-related portfolios also contributed to the increase.

Managed direct/indirect loans outstanding increased $3.1 billion to $81.7 billion at March 31, 2008 compared to December 31, 2007, driven by growth in the *Card Services* unsecured lending product. Net losses for the managed loan portfolio increased $200 million to $564 million for the three months ended March 31, 2008, or 2.82 percent of total average managed direct/indirect loans compared to 2.11 percent for the same period in 2007. The increase was primarily driven by growth, seasoning and recent portfolio deterioration in the *Card Services* unsecured lending portfolio, and to a lesser extent, deterioration, growth and seasoning in the retail automotive and other dealer-related portfolios.

**Other Consumer**

At March 31, 2008, approximately 78 percent of the other consumer portfolio was associated with portfolios from certain consumer finance businesses that we have previously exited and is included in *All Other*. The remainder consisted of the foreign consumer loan portfolio which is mostly included in *Card Services*. Other consumer outstanding loans and leases decreased $104 million, or three percent, at March 31, 2008 compared to December 31, 2007. The Corporation classifies deposit overdraft charge-offs as other consumer. Net charge-offs increased $38 million, or 79 percent, from the same period a year ago driven by deposit overdraft net charge-offs reflecting growth and higher per account overdraft levels.

Table of Contents

**Nonperforming Consumer Assets Activity**

Table 15 presents nonperforming consumer assets activity during the most recent five quarters. Total net additions to nonperforming loans and leases in the first quarter of 2008 were $1.0 billion compared to $1.4 billion in the fourth quarter of 2007. In both periods, these net additions were driven by the home equity and residential mortgage portfolios reflective of the weakening housing market as well as seasoning of portfolio growth and to a lesser extent the Community Reinvestment Act portfolio, which represented approximately eight percent of the residential mortgage portfolio at March 31, 2008. These factors also drove the increase in foreclosed properties of $126 million.

***Table 15***

***Nonperforming Consumer Assets Activity*** [(1)]

| (Dollars in millions) | **First Quarter 2008** | Fourth Quarter 2007 | Third Quarter 2007 | Second Quarter 2007 | First Quarter 2007 |
|---|---|---|---|---|---|
| **Nonperforming loans and leases** | | | | | |
| **Balance, beginning of period** | **$3,442** | $2,040 | $1,460 | $1,230 | $1,030 |
| Additions to nonperforming loans and leases: | | | | | |
| LaSalle balance, October 1, 2007 | **-** | 232 | - | - | - |
| New nonaccrual loans and leases | **2,088** | 1,691 | 998 | 625 | 515 |
| Reductions in nonperforming loans and leases: | | | | | |
| Paydowns and payoffs | **(36)** | (19) | (108) | (101) | (32) |
| Returns to performing status [(2)] | **(380)** | (225) | (187) | (219) | (224) |
| Charge-offs [(3)] | **(572)** | (216) | (73) | (50) | (35) |
| Transfers to foreclosed properties | **(83)** | (56) | (49) | (24) | (23) |
| Transfers to loans held-for-sale | **-** | (5) | (1) | (1) | (1) |
| Total net additions to nonperforming loans and leases | **1,017** | 1,402 | 580 | 230 | 200 |
| **Total nonperforming loans and leases, end of period** | **4,459** | 3,442 | 2,040 | 1,460 | 1,230 |
| **Foreclosed properties** | | | | | |
| **Balance, beginning of period** | **276** | 159 | 82 | 74 | 59 |
| Additions to foreclosed properties: | | | | | |
| LaSalle balance, October 1, 2007 | **-** | 70 | - | - | - |
| New foreclosed properties | **216** | 128 | 125 | 54 | 83 |
| Reductions in foreclosed properties: | | | | | |
| Sales | **(25)** | (28) | (8) | (12) | (34) |
| Writedowns | **(65)** | (53) | (40) | (34) | (34) |
| Total net additions to foreclosed properties | **126** | 117 | 77 | 8 | 15 |
| **Total foreclosed properties, end of period** | **402** | 276 | 159 | 82 | 74 |
| **Nonperforming consumer assets, end of period** | **$4,861** | $3,718 | $2,199 | $1,542 | $1,304 |
| Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases | **0.82%** | 0.62% | 0.39% | 0.29% | 0.25% |
| Nonperforming consumer assets as a percentage of outstanding consumer loans, leases and foreclosed properties | **0.89** | 0.67 | 0.42 | 0.30 | 0.27 |

(1) Balances do not include nonperforming LHFS included in other assets of $157 million, $95 million, $59 million, $48 million, and $28 million at March 31, 2008, December 31, 2007, September 30, 2007, June 30, 2007, and March 31, 2007, respectively.

(2) Consumer loans and leases may be restored to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.

(3) Our policy is not to classify consumer credit card and consumer non-real estate loans and leases as nonperforming; therefore, the charge-offs on these loans have no impact on nonperforming activity.

**Geographical Concentrations**

Our managed consumer loan portfolio in the states of California, Florida, New York and Texas represented in aggregate 42 percent and 41 percent of total managed consumer loans at March 31, 2008 and December 31, 2007. Our managed consumer loan portfolio in the state of California represented approximately 23 percent of total managed consumer loans at both March 31, 2008 and December 31, 2007, primarily driven by the consumer real estate portfolios. Our managed consumer loan portfolio in the state of Florida is our second largest concentration and represented approximately eight percent of total managed consumer loans at both March 31, 2008 and December 31, 2007, primarily driven by the consumer real estate portfolios. New York and Texas represented six and five percent of total managed consumer loans at March 31, 2008 compared to five percent for both at December 31, 2007. No other single state represented over five percent of total managed consumer loans. No state other than California, and no single MSA within California represented more than 10 percent of the total managed consumer portfolio.

Table of Contents

Table 16 presents certain state loan concentrations for the consumer loan portfolio on a managed basis.

***Table 16***
***Consumer Loan State Concentration – Managed Basis***

**March 31, 2008**

| (Dollars in millions) | Total Consumer Amount | Total Consumer Percent of total | Residential Mortgage Amount | Residential Mortgage Percent of total | Credit Card Amount | Credit Card Percent of total |
|---|---|---|---|---|---|---|
| California | **$152,401** | **23.2 %** | **$87,815** | **32.6 %** | **$22,645** | **12.3 %** |
| Florida | **52,084** | **7.9** | **16,588** | **6.1** | **12,639** | **6.9** |
| New York | **38,469** | **5.9** | **16,889** | **6.3** | **9,368** | **5.1** |
| Texas | **31,849** | **4.8** | **12,990** | **4.8** | **10,032** | **5.5** |
| New Jersey | **26,185** | **4.0** | **10,184** | **3.8** | **5,952** | **3.2** |
| Virginia | **21,950** | **3.3** | **11,355** | **4.2** | **4,605** | **2.5** |
| Other U.S./Foreign | **334,482** | **50.9** | **113,904** | **42.2** | **118,517** | **64.5** |
| **Total consumer loans** | **$657,420** | **100.0 %** | **$269,725** | **100.0 %** | **$183,758** | **100.0 %** |

| | Home Equity Amount | Home Equity Percent of total | Direct/Indirect Amount | Direct/Indirect Percent of total | Other Amount | Other Percent of total |
|---|---|---|---|---|---|---|
| California | **$31,646** | **26.7 %** | **$10,180** | **12.5 %** | **$115** | **3.1 %** |
| Florida | **16,035** | **13.5** | **6,627** | **8.1** | **195** | **5.2** |
| New York | **7,666** | **6.5** | **4,483** | **5.5** | **63** | **1.7** |
| Texas | **2,269** | **1.9** | **6,334** | **7.8** | **224** | **6.0** |
| New Jersey | **7,921** | **6.7** | **2,116** | **2.6** | **12** | **0.3** |
| Virginia | **4,007** | **3.4** | **1,932** | **2.3** | **51** | **1.4** |
| Other U.S./Foreign | **48,961** | **41.3** | **50,014** | **61.2** | **3,086** | **82.3** |
| **Total consumer loans** | **$118,505** | **100.0 %** | **$81,686** | **100.0 %** | **$3,746** | **100.0 %** |

December 31, 2007

| (Dollars in millions) | Total Consumer Amount | Total Consumer Percent of total | Residential Mortgage Amount | Residential Mortgage Percent of total | Credit Card Amount | Credit Card Percent of total |
|---|---|---|---|---|---|---|
| California | $150,689 | 22.8 % | $88,703 | 31.8 % | $22,231 | 12.1 % |
| Florida | 50,889 | 7.7 | 16,497 | 5.9 | 12,503 | 6.8 |
| New York | 35,534 | 5.4 | 15,333 | 5.5 | 9,420 | 5.1 |
| Texas | 31,803 | 4.8 | 13,193 | 4.7 | 10,098 | 5.5 |
| New Jersey | 25,986 | 3.9 | 10,346 | 3.7 | 5,937 | 3.2 |
| Virginia | 21,903 | 3.3 | 11,535 | 4.2 | 4,669 | 2.6 |
| Other U.S./Foreign | 343,043 | 52.1 | 123,126 | 44.2 | 118,833 | 64.7 |
| **Total consumer loans** | $659,847 | 100.0 % | $278,733 | 100.0 % | $183,691 | 100.0 % |

| | Home Equity Amount | Home Equity Percent of total | Direct/Indirect Amount | Direct/Indirect Percent of total | Other Amount | Other Percent of total |
|---|---|---|---|---|---|---|
| California | $29,891 | 26.0 % | $9,743 | 12.4 % | $121 | 3.1 % |
| Florida | 15,442 | 13.4 | 6,244 | 7.9 | 203 | 5.3 |
| New York | 7,439 | 6.5 | 3,275 | 4.2 | 67 | 1.7 |
| Texas | 2,231 | 1.9 | 6,050 | 7.7 | 231 | 6.0 |
| New Jersey | 7,779 | 6.8 | 1,911 | 2.4 | 13 | 0.3 |
| Virginia | 3,861 | 3.4 | 1,784 | 2.3 | 54 | 1.4 |
| Other U.S./Foreign | 48,352 | 42.0 | 49,571 | 63.1 | 3,161 | 82.2 |
| **Total consumer loans** | $114,995 | 100.0 % | $78,578 | 100.0 % | $3,850 | 100.0 % |

As discussed previously, the credit quality in our home equity portfolio deteriorated during the three months ended March 31, 2008. The deterioration was driven by high CLTV loans in geographic areas that have experienced the most significant declines in home prices as well as seasoning of the portfolio reflective of growth. Home price declines coupled with the fact that most home equity loans are secured by second lien positions significantly reduced and in some cases resulted in no collateral value after consideration of first lien positions. This drove more severe charge-offs as borrowers defaulted. Table 17 presents asset quality indicators by certain state concentrations for the home equity portfolio on a managed basis.

***Table 17***
***Home Equity State Concentration – Managed Basis***

| (Dollars in millions) | March 31, 2008 | | | | | | Three months ended March 31, 2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Outstandings | | | Nonperforming | | | Net Losses | | |
| | Amount | Percent of total | | Amount | Percent of total | | Amount | Percent of total | |
| California | $31,646 | 26.7 | % | $600 | 33.6 | % | $214 | 43.1 | % |
| Florida | 16,035 | 13.5 | | 333 | 18.6 | | 94 | 19.0 | |
| New York | 7,666 | 6.5 | | 123 | 6.9 | | 14 | 2.8 | |
| Texas | 2,269 | 1.9 | | 21 | 1.2 | | 4 | 0.8 | |
| New Jersey | 7,921 | 6.7 | | 90 | 5.0 | | 14 | 2.8 | |
| Virginia | 4,007 | 3.4 | | 66 | 3.7 | | 25 | 5.0 | |
| Other U.S./Foreign | 48,961 | 41.3 | | 555 | 31.0 | | 131 | 26.5 | |
| **Total home equity loans** | **$118,505** | **100.0** | **%** | **$1,788** | **100.0** | **%** | **$496** | **100.0** | **%** |

## Commercial Portfolio Credit Risk Management

Credit risk management for the commercial portfolio begins with an assessment of the credit risk profile of the borrower or counterparty based on an analysis of their financial position. As part of the overall credit risk assessment of a borrower or counterparty, most of our commercial credit exposure or transactions are assigned a risk rating and are subject to approval based on defined credit approval standards. Subsequent to loan origination, risk ratings are monitored on an ongoing basis. If necessary, risk ratings are adjusted to reflect changes in the financial condition, cash flow or financial situation of a borrower or counterparty. We use risk rating aggregations to measure and evaluate concentrations within portfolios. Risk ratings are a factor in determining the level of assigned economic capital and the allowance for credit losses. In making credit decisions, we consider risk rating, collateral, country, industry and single name concentration limits while also balancing the total borrower or counterparty relationship. Our lines of business and risk management personnel use a variety of tools to continuously monitor the ability of a borrower or counterparty to perform under its obligations.

For information on our accounting policies regarding delinquencies, nonperforming status and charge-offs for the commercial portfolio, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K.

### *Management of Commercial Credit Risk Concentrations*

Portfolio credit risk is evaluated and managed with a goal that concentrations of credit exposure do not result in undesirable levels of risk. We review, measure, and manage concentrations of credit exposure by industry, product, geography and customer relationship. Distribution of loans and leases by loan size is an additional measure of the portfolio risk diversification. We also review, measure, and manage commercial real estate loans by geographic location and property type. In addition, within our international portfolio, we evaluate borrowings by region and by country. Tables 21, 23 and 27 summarize our concentrations. Additionally, we utilize syndication of exposure to third parties, loan sales, hedging and other risk mitigation techniques to manage the size and risk profile of the portfolio.

From the perspective of portfolio risk management, customer concentration management is most relevant in *GCIB*. Within that segment's *Business Lending* and *CMAS* businesses, we facilitate bridge financing (high grade debt, high yield debt, CMBS and equity) to fund acquisitions, recapitalizations and other short-term needs as well as provide syndicated financing for our clients. These concentrations are managed in part through our established "originate to distribute" strategy. These client transactions are sometimes large and leveraged. They can also have a higher degree of risk as we are providing offers or commitments for various components of the clients' capital structures, including lower rated unsecured and subordinated debt tranches and/or equity. In many cases, these offers to finance will not be accepted. If accepted, these conditional commitments are often retired prior to or shortly following funding via the placement of securities, syndication or the client's decision to terminate. Where we have a binding commitment and there is a market disruption or other unexpected event, there may be heightened exposure in the portfolios and forward calendar, and a higher potential for writedown or loss unless the terms of the commitment can be modified and/or an orderly disposition of the exposure can be made.

The Corporation's share of the leveraged finance and CMBS forward calendars were $3.9 billion and $784 million at March 31, 2008 compared to $12.2 billion and $2.2 billion at December 31, 2007. Funded leveraged finance and CMBS exposure both of which are included in assets held-for-sale totaled $9.6 billion and $11.1 billion at March 31, 2008 compared to $6.1 billion and $13.6 billion at December 31, 2007. The funded CMBS debt consisted of $8.7 billion of floating-rate financings, of which $7.1 billion was acquisition related financing to major, well known operating companies. Writedowns of $630 million, net of fees and hedges, comprised of $439 million related to leveraged finance and $191 million related to CMBS were taken on both funded and forward calendar commitments to reflect the current market prices, where available, or the estimated price at which the exposures could be distributed in the market.

We account for certain large corporate loans and loan commitments (including issued but unfunded letters of credit which are considered utilized for credit risk management purposes), which exceed our single name credit risk concentration guidelines at fair value in accordance with SFAS 159. Any fair value adjustment upon origination and subsequent changes in the fair value of these loans and unfunded commitments are recorded in other income. By including the credit risk of the borrower in the fair value adjustments, any credit deterioration or improvement is recorded immediately as part of the fair value adjustment. As a result, the allowance for loan and lease losses and the reserve for unfunded lending commitments are not used to capture credit losses inherent in these nonperforming or impaired loans and unfunded commitments. The Commercial Credit Portfolio tables have been modified to exclude loans and unfunded commitments that are carried at fair value and to adjust related ratios. See the Commercial Loans Measured at Fair Value section on page 108 for more information on the performance of these loans and loan commitments and see *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements for additional information on our SFAS 159 elections.

### *Commercial Credit Portfolio*

Commercial credit quality indicators continued to deteriorate for the three months ended March 31, 2008 due to the weakness in the housing and financial markets. The loans and leases net charge-off ratio increased to 0.69 percent from 0.31 percent in the first quarter of 2007. The increase was principally attributable to higher net charge-offs in our small business portfolio in *GCSBB* and the homebuilder loan portfolio in *GCIB*. Excluding small business commercial – domestic the total commercial net charge-off ratio was 0.26 percent for the three months ended March 31, 2008, compared to a net charge-off ratio of 0.04 percent for the same period in 2007, primarily due to higher net charge-offs in the homebuilder loan portfolio in *GCIB* reflecting the impact of the housing slowdown. The nonperforming loan and commercial utilized criticized exposure ratios excluding assets held for sale and assets in the fair value portfolio, were 0.89 percent and 5.15 percent at March 31, 2008 compared to 0.67 percent and 4.17 percent at December 31, 2007, partially related to the continued deterioration in the homebuilder sector. In addition, modest deterioration from very low 2007 levels was experienced in various loan portfolios within *GCIB* and non-reservable mark-to-market derivative assets.

Table 18 presents our commercial loans and leases, and related credit quality information at March 31, 2008 and December 31, 2007 and our commercial net charge-offs and related ratios for the three months ended March 31, 2008 and 2007.

***Table 18***
***Commercial Loans and Leases***

| | Outstandings | | Nonperforming (1) | | Accruing Past Due 90 Days or More (2) | | Net Charge-offs (3) | | Net Charge-off Ratios (4) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | Three Months Ended March 31 | | Three Months Ended March 31 | |
| (Dollars in millions) | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| **Commercial loans and leases** | | | | | | | | | | |
| Commercial – domestic (5) | **$188,089** | $188,673 | **$996** | $860 | **$187** | $119 | **$82** | $24 | **0.17** % | 0.06 % |
| Commercial real estate | **62,739** | 61,298 | **1,627** | 1,099 | **223** | 36 | **107** | 3 | **0.70** | 0.03 |
| Commercial lease financing | **22,132** | 22,582 | **44** | 33 | **32** | 25 | **15** | (1) | **0.27** | (0.03) |
| Commercial – foreign | **31,101** | 28,376 | **54** | 19 | **4** | 16 | **(7)** | (3) | **(0.10)** | (0.05) |
| | **304,061** | 300,929 | **2,721** | 2,011 | **446** | 196 | **197** | 23 | **0.26** | 0.04 |
| Small business commercial – domestic (6) | **20,123** | 19,624 | **153** | 144 | **547** | 427 | **359** | 160 | **7.21** | 4.20 |
| Total measured at historical cost | **324,184** | 320,553 | **2,874** | 2,155 | **993** | 623 | **556** | 183 | **0.69** | 0.31 |
| Total measured at fair value (7) | **5,057** | 4,590 | **-** | - | **-** | - | **n/a** | n/a | **n/a** | n/a |
| **Total commercial loans and leases** | **$329,241** | $325,143 | **$2,874** | $2,155 | **$993** | $623 | **$556** | $183 | **0.69** | 0.31 |

(1) Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases measured at historical cost were 0.89 percent and 0.67 percent at March 31, 2008 and December 31, 2007. Including commercial loans and leases measured at fair value the ratios would have been 0.87 percent and 0.66 percent at March 31, 2008 and December 31, 2007.
(2) Accruing commercial loans and leases past due 90 days or more as a percentage of outstanding commercial loans and leases measured at historical cost were 0.31 percent and 0.19 percent at March 31, 2008 and December 31, 2007. Including commercial loans and leases measured at fair value the ratios would have remained unchanged.
(3) Includes a reduction in net charge-offs on commercial - domestic of $6 million and commercial real estate of $8 million as a result of the impact of SOP 03-3 for the three months ended March 31, 2008.
(4) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans and leases measured at historical cost during the period for each loan and lease category.
(5) Excludes small business commercial - domestic loans.
(6) Small business commercial - domestic is primarily card related.
(7) Certain commercial loans are measured at fair value in accordance with SFAS 159 and include commercial – domestic loans of $3.9 billion and $3.5 billion, commercial – foreign loans of $949 million and $790 million and commercial real estate loans of $240 million and $304 million at March 31, 2008 and December 31, 2007.
n/a = not applicable

Table of Contents

Table 19 presents commercial credit exposure by type for utilized, unfunded and total binding committed credit exposure. The increase in commercial committed exposure was due to organic growth as discussed in the sections below. The increase in derivative assets of $16.3 billion was centered in credit derivatives, interest rate and foreign exchange contracts, and was driven by growth in the businesses, widening credit spreads and the strengthening of foreign currencies against the U.S. dollar. For more information on our credit derivatives, see Industry Concentrations beginning on page 110.

***Table 19***
***Commercial Credit Exposure by Type***

| | Commercial Utilized [1, 2] | | Commercial Unfunded [3, 4] | | Total Commercial Committed | |
|---|---|---|---|---|---|---|
| (Dollars in millions) | **March 31 2008** | December 31 2007 | **March 31 2008** | December 31 2007 | **March 31 2008** | December 31 2007 |
| Loans and leases | **$329,241** | $325,143 | **$326,118** | $329,396 | **$655,359** | $654,539 |
| Standby letters of credit and financial guarantees | **59,705** | 58,747 | **4,491** | 4,049 | **64,196** | 62,796 |
| Derivative assets [5] | **50,925** | 34,662 | **-** | - | **50,925** | 34,662 |
| Assets held-for-sale [6] | **26,403** | 26,475 | **835** | 1,489 | **27,238** | 27,964 |
| Commercial letters of credit | **4,246** | 4,413 | **326** | 140 | **4,572** | 4,553 |
| Bankers' acceptances | **2,755** | 2,411 | **43** | 2 | **2,798** | 2,413 |
| Securitized assets | **790** | 790 | **-** | - | **790** | 790 |
| Foreclosed properties | **92** | 75 | **-** | - | **92** | 75 |
| **Total commercial credit exposure** | **$474,157** | $452,716 | **$331,813** | $335,076 | **$805,970** | $787,792 |

(1) Exposure includes standby letters of credit, financial guarantees, commercial letters of credit and bankers' acceptances for which the bank is legally bound to advance funds under prescribed conditions, during a specified period. Although funds have not been advanced, these exposure types are considered utilized for credit risk management purposes.
(2) Total commercial utilized exposure includes loans and issued letters of credit measured at fair value in accordance with SFAS 159 and is comprised of loans outstanding of $5.1 billion and $4.6 billion, and letters of credit at notional value of $1.3 billion and $1.1 billion at March 31, 2008 and December 31, 2007.
(3) Total commercial unfunded exposure includes loan commitments measured at fair value in accordance with SFAS 159 with a notional value of $19.0 billion and $19.8 billion at March 31, 2008 and December 31, 2007.
(4) Excludes unused business card lines which are not legally binding.
(5) Derivative assets are reported on a mark-to-market basis, reflect the effects of legally enforceable master netting agreements, and have been reduced by cash collateral of $20.3 billion and $12.8 billion at March 31, 2008 and December 31, 2007. In addition to cash collateral, derivative assets are also collateralized by $4.5 billion and $8.5 billion of primarily other marketable securities at March 31, 2008 and December 31, 2007 for which credit risk has not been reduced.
(6) Total commercial committed exposure consists of $24.0 billion and $23.9 billion of commercial LHFS exposure (e.g., commercial mortgage and leveraged finance) and $3.2 billion and $4.1 billion of investments held-for-sale exposure at March 31, 2008 and December 31, 2007.

Table 20 presents commercial utilized reservable criticized exposure by product type and other utilized non-reservable criticized exposure. Commercial utilized criticized exposure, excluding assets held-for-sale and the fair value portfolio, increased $5.2 billion, or 30 percent, primarily due to increases in commercial real estate reflecting housing market weakness on the homebuilder sector of the portfolio and commercial – domestic reflecting modest deterioration across various industries. The table below excludes utilized criticized exposure related to assets held-for-sale of $5.3 billion and $2.9 billion at March 31, 2008 and December 31, 2007 and other utilized criticized exposure measured at fair value in accordance with SFAS 159 of $1.0 billion and $1.1 billion at March 31, 2008 and December 31, 2007. See Commercial Loans Measured at Fair Value on page 108 for a discussion of the fair value portfolio. Criticized assets in the held-for-sale portfolio, are carried at the lower of cost or market, including bridge exposure of $4.7 billion and $2.3 billion at March 31, 2008 and December 31, 2007 which are funded in the normal course of our *Business Lending* and *CMAS* businesses and are managed in part through our "originate to distribute" strategy (see Management of Commercial Credit Risk Concentrations beginning on page 102 for more information on bridge financing). The level of funded, criticized bridge exposures in the held-for-sale portfolio increased as a result of adverse market conditions in the second half of 2007 which continued into 2008. Had criticized exposure in the assets held-for-sale and fair value portfolios been included, the ratio of commercial utilized criticized exposure to total commercial utilized exposure would have been 6.12 percent at March 31, 2008 compared to 4.77 percent at December 31, 2007.

***Table 20***
***Commercial Utilized Criticized Exposure*** (1)

| | **March 31, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| (Dollars in millions) | **Amount** | **Percent** (2) | Amount | Percent (2) |
| Commercial – domestic (3) | **$9,578** | **4.02 %** | $8,545 | 3.56 % |
| Commercial real estate | **9,115** | **13.24** | 6,750 | 10.25 |
| Commercial lease financing | **647** | **2.92** | 594 | 2.63 |
| Commercial – foreign | **815** | **2.03** | 449 | 1.23 |
| | **20,155** | **5.46** | 16,338 | 4.47 |
| Small business commercial – domestic | **1,002** | **4.97** | 838 | 4.25 |
| Commercial utilized reservable criticized exposure (4) | **21,157** | **5.43** | 17,176 | 4.46 |
| Other utilized non-reservable criticized exposure (5) | **1,576** | **3.04** | 377 | 1.06 |
| **Total commercial utilized criticized exposure excluding assets-held-for-sale and the fair value portfolio** | **$22,733** | **5.15** | $17,553 | 4.17 |

(1) Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories defined by regulatory authorities. Balances and ratios have been adjusted to exclude assets held-for-sale and exposure measured at fair value in accordance with SFAS 159 at March 31, 2008 and December 31, 2007. Had criticized exposure in the assets held-for-sale and fair value portfolios been included, the ratio of commercial utilized criticized exposure to total commercial utilized exposure would have been 6.12 percent and 4.77 percent at March 31, 2008 and December 31, 2007.
(2) Ratios are calculated as commercial utilized criticized exposure divided by total commercial utilized exposure for each exposure category.
(3) Excludes small business commercial – domestic exposure.
(4) In addition to loans and leases, exposure includes standby letters of credit, financial guarantees, commercial letters of credit and bankers' acceptances for which the bank is legally bound to advance funds under prescribed conditions, during a specified period. Although funds have not been advanced, these exposure types are considered utilized for credit risk management purposes.
(5) Other utilized non-reservable criticized exposure includes derivative assets, foreclosed properties and securitized assets.

**Commercial – Domestic**

At March 31, 2008, approximately 89 percent of the commercial – domestic portfolio, excluding small business, was included in *GCIB,* primarily in *Business Lending* (business banking, middle market and large multinational corporate loans and leases) and *CMAS* (acquisition and bridge financing). The remaining 11 percent was mostly in *GWIM* (business-purpose loans for wealthy individuals). Outstanding commercial – domestic loans and leases decreased $584 million to $188.1 billion at March 31, 2008 compared to December 31, 2007. Nonperforming commercial – domestic loans increased $136 million to $996 million from December 31, 2007. Net charge-offs were up $58 million for the three months ended March 31, 2008 from very low levels in 2007. The increases in nonperforming and net charge-off levels were broad-based in terms of borrowers and industries. Criticized utilized commercial – domestic reservable exposure, increased $1.0 billion from December 31, 2007, to $9.6 billion primarily driven by modest deterioration across various portfolios within *GCIB*. Additionally, commercial – domestic drove the increase in other utilized non-reservable criticized exposure, primarily mark-to-market derivative assets.

**Commercial Real Estate**

The commercial real estate portfolio is mostly managed in *Business Lending* and consists of loans issued primarily to public and private developers, homebuilders and commercial real estate firms. Outstanding loans and leases increased $1.4 billion to $62.7 billion at March 31, 2008 compared to December 31, 2007 primarily driven by organic growth in California and in apartment, shopping center/retail and hotel/motel property types.

Nonperforming commercial real estate loans increased $528 million to $1.6 billion and utilized criticized reservable exposure increased $2.4 billion to $9.1 billion attributable to the continuing impact of the housing slowdown on the homebuilder sector. Net charge-offs were $107 million for the three months ended March 31, 2008, up $104 million from the prior year driven entirely by the homebuilder sector, with one large name comprising one half of the net charge-offs during the first quarter. Nonperforming assets and utilized criticized exposure in the homebuilder sector were $1.3 billion and $6.6 billion respectively, at March 31, 2008, compared to $829 million and $5.4 billion at December 31, 2007. At March 31, 2008, we had homebuilder-related utilized exposure of $13.7 billion and commercial committed exposure of $20.6 billion. The utilized criticized ratio and the nonperforming asset ratio for the homebuilder sector was 48.81 percent and 10.23 percent at March 31, 2008 compared to 38.47 percent and 6.11 percent at December 31, 2007. Assets held-for-sale associated with commercial real estate decreased $2.5 billion to $11.3 billion at March 31, 2008 compared to December 31, 2007, driven by a commercial mortgage-backed securitization which occurred during the three months ended March 31, 2008. Refer to Management of Commercial Credit Risk Concentrations on page 102 for a discussion of our CMBS exposure.

Table 21 presents outstanding commercial real estate loans by geographic region and property type diversification.

***Table 21***
***Outstanding Commercial Real Estate Loans [1]***

| (Dollars in millions) | March 31 2008 | December 31 2007 |
|---|---|---|
| **By Geographic Region [2]** | | |
| California | **$10,073** | $9,369 |
| Northeast | **9,113** | 8,951 |
| Midwest | **8,230** | 7,832 |
| Illinois | **6,830** | 6,731 |
| Southeast | **6,756** | 6,472 |
| Southwest | **5,798** | 5,400 |
| Florida | **4,828** | 4,870 |
| Midsouth | **3,014** | 2,843 |
| Northwest | **2,755** | 2,417 |
| Other | **1,932** | 3,370 |
| Geographically diversified [3] | **2,357** | 2,282 |
| Non-U.S. | **1,293** | 1,065 |
| **Total outstanding commercial real estate loans [4]** | **$62,979** | $61,602 |
| **By Property Type** | | |
| Residential | **$10,733** | $11,157 |
| Shopping centers/retail | **9,225** | 8,722 |
| Office buildings | **9,050** | 8,837 |
| Apartments | **8,369** | 7,806 |
| Industrial/warehouse | **5,757** | 5,662 |
| Land and land development | **4,647** | 4,551 |
| Multiple use | **1,956** | 1,672 |
| Hotels/motels | **1,885** | 1,535 |
| Resorts | **318** | 297 |
| Other [5] | **11,039** | 11,363 |
| **Total outstanding commercial real estate loans [4]** | **$62,979** | $61,602 |

(1) Primarily includes commercial loans and leases secured by non owner-occupied real estate which are dependent on the sale or lease of the real estate as the primary source of repayment.

(2) Distribution is based on geographic location of collateral. Geographic regions are in the U.S. unless otherwise noted.

(3) The geographically diversified category is comprised primarily of unsecured outstandings to real estate investment trusts and national home builders whose portfolios of properties span multiple geographic regions.

(4) Includes commercial real estate loans measured at fair value in accordance with SFAS 159 of $240 million and $304 million at March 31, 2008 and December 31, 2007.

(5) Represents loans to borrowers whose primary business is commercial real estate, but the exposure is not secured by the listed property types.

**Commercial Lease Financing**

The commercial lease financing portfolio is managed in*Business Lending*. Outstanding loans and leases decreased $450 million at March 31, 2008 compared to December 31, 2007. Net charge-offs were $15 million for the three months ended March 31, 2008 compared to net recoveries of $1 million for the same period in 2007, primarily reflecting broad based charge-offs coming off very low 2007 levels.

**Commercial – Foreign**

The commercial – foreign portfolio is managed primarily in *Business Lending* and *CMAS*. Outstanding loans and leases increased $2.7 billion to $31.1 billion at March 31, 2008 compared to December 31, 2007 driven by organic growth combined with strengthening of foreign currencies against the U.S. dollar. Criticized utilized reservable exposure increased $366 million to $815 million. Net recoveries mainly in our large corporate portfolio were $7 million for the three months ended March 31, 2008 compared to net recoveries of $3 million for the same period in 2007. For additional information on the commercial – foreign portfolio, refer to the Foreign Portfolio discussion beginning on page 113.

**Small Business Commercial – Domestic**

The small business commercial – domestic portfolio (business card and small business loans) is managed in *GCSBB*. Outstanding small business commercial – domestic loans and leases increased $499 million to $20.1 billion at March 31, 2008 compared to December 31, 2007 driven by organic growth in the small business card portfolio. Approximately 59 percent of the small business commercial – domestic outstanding loans and leases at March 31, 2008 were credit card related products. Nonperforming small business commercial – domestic loans increased $9 million to $153 million, loans past due 90 days or more and still accruing interest increased $120 million to $547 million and criticized reservable exposure increased $164 million, to $1.0 billion, or 4.97 percent at March 31, 2008 compared to 4.25 percent, at December 31, 2007. Small business commercial – domestic net charge-offs were up $199 million, to $359 million, or 7.21 percent for the three months ended March 31, 2008. The increases were primarily driven by the impacts of a slowing economy, particularly in geographic areas that have experienced the most housing declines and seasoning of portions of the portfolio originated in periods of higher growth. Approximately 74 percent of the small business commercial – domestic net charge-offs for the three months ended March 31, 2008 were credit card related products.

**Commercial Loans Measured at Fair Value**

The commercial loans measured at fair value portfolio is managed in *CMAS*. At March 31, 2008, outstanding commercial loans measured at fair value had an aggregate fair value of $5.1 billion recorded in loans and leases and included commercial – domestic loans of $3.9 billion, commercial – foreign loans of $949 million and commercial real estate loans of $240 million. Outstanding commercial loans measured at fair value increased $467 million to $5.1 billion at March 31, 2008 compared to December 31, 2007. The Corporation recorded net losses of $123 million in other income resulting from changes in the fair value of the loan portfolio during the three months ended March 31, 2008 compared to gains of $1 million for the same period in 2007. These losses were primarily attributable to changes in instrument-specific credit risk and were predominately offset by hedging activities. At March 31, 2008 and December 31, 2007, none of these loans were 90 days or more past due and still accruing interest or had been placed on nonaccrual status. Utilized criticized exposure in the fair value portfolio was $1.0 billion and $1.1 billion at March 31, 2008 and December 31, 2007.

In addition, unfunded lending commitments and letters of credit had an aggregate fair value of $903 million and $660 million at March 31, 2008 and December 31, 2007 that were recorded in accrued expenses and other liabilities. The associated aggregate notional amount of unfunded lending commitments and letters of credit subject to fair value treatment was $20.3 billion and $20.9 billion at March 31, 2008 and December 31, 2007. Net losses resulting from changes in fair value of commitments and letters of credit of $238 million were recorded in other income during the three months ended March 31, 2008 compared to losses of $28 million for the same period in 2007. These losses were primarily attributable to changes in instrument-specific credit risk and were predominately offset by hedging activities.

[Table of Contents](#)

### Nonperforming Commercial Assets Activity

Table 22 presents the additions and reductions to nonperforming assets in the commercial portfolio during the most recent five quarters. The increase in nonaccrual loans and leases for the first quarter of 2008 was primarily attributable to continuing deterioration in our homebuilder portfolio.

***Table 22***

***Nonperforming Commercial Assets Activity*** [1, 2]

| (Dollars in millions) | **First Quarter 2008** | Fourth Quarter 2007 | Third Quarter 2007 | Second Quarter 2007 | First Quarter 2007 |
|---|---|---|---|---|---|
| **Nonperforming loans and leases** | | | | | |
| **Balance, beginning of period** | **$2,155** | $1,140 | $824 | $740 | $757 |
| Additions to nonperforming loans and leases: | | | | | |
| LaSalle balance, October 1, 2007 | **-** | 413 | - | - | - |
| New nonaccrual loans and leases | **1,399** | 1,129 | 583 | 398 | 357 |
| Advances | **21** | 62 | 6 | 4 | 13 |
| Reductions in nonperforming loans and leases: | | | | | |
| Paydowns and payoffs | **(383)** | (249) | (155) | (173) | (204) |
| Sales | **-** | (33) | (1) | (23) | (25) |
| Returns to performing status [3] | **(29)** | (130) | (21) | (32) | (56) |
| Charge-offs [4] | **(261)** | (134) | (86) | (77) | (73) |
| Transfers to foreclosed properties | **(28)** | (43) | (10) | (13) | (9) |
| Transfers to loans held-for-sale | **-** | - | - | - | (20) |
| Total net additions to (reductions in) nonperforming loans and leases | **719** | 1,015 | 316 | 84 | (17) |
| **Total nonperforming loans and leases, end of period** | **2,874** | 2,155 | 1,140 | 824 | 740 |
| **Foreclosed properties** | | | | | |
| **Balance, beginning of period** | **75** | 33 | 26 | 15 | 10 |
| Additions to foreclosed properties: | | | | | |
| LaSalle balance, October 1, 2007 | **-** | 16 | - | - | - |
| New foreclosed properties | **28** | 43 | 10 | 13 | 9 |
| Reductions in foreclosed properties: | | | | | |
| Sales | **(8)** | (16) | - | (2) | (4) |
| Writedowns | **(3)** | (1) | (3) | - | - |
| Total net additions to foreclosed properties | **17** | 42 | 7 | 11 | 5 |
| **Total foreclosed properties, end of period** | **92** | 75 | 33 | 26 | 15 |
| **Nonperforming commercial assets, end of period** | **$2,966** | $2,230 | $1,173 | $850 | $755 |
| Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases measured at historical cost | **0.89%** | 0.67% | 0.43% | 0.34% | 0.31% |
| Nonperforming commercial assets as a percentage of outstanding commercial loans and leases measured at historical cost and foreclosed properties | **0.91** | 0.70 | 0.44 | 0.35 | 0.32 |

(1) Balances do not include nonperforming LHFS included in other assets of $170 million, $93 million, $30 million, $25 million and $66 million at March 31 2008, December 31, 2007, September 30, 2007, June 30, 2007, and March 31, 2007, respectively. There were no nonperforming loans measured at fair value in accordance with SFAS 159 at March 31, 2008 and December 31, 2007.
(2) Includes small business commercial – domestic activity.
(3) Commercial loans and leases may be restored to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.
(4) Certain loan and lease products, including business card, are not classified as nonperforming; therefore, the charge-offs on these loans have no impact on nonperforming activity.

***Industry Concentrations***

Table 23 presents commercial committed and commercial utilized credit exposure by industry and the total net credit default protection purchased to cover the funded and the unfunded portion of certain credit exposure. Our commercial credit exposure is diversified across a broad range of industries.

Industry limits are used internally to manage industry concentrations and are based on committed exposure and capital usage that are allocated on an industry-by-industry basis. A risk management framework is in place to set and approve industry limits, as well as to provide ongoing monitoring. The CRC oversees industry limits governance.

Total commercial committed credit exposure increased by $18.2 billion, or two percent, at March 31, 2008 compared to December 31, 2007. Total commercial utilized credit exposure increased by $21.4 billion, or five percent, at March 31, 2008 compared to December 31, 2007. The overall commercial credit utilization rate was largely unchanged from December 31, 2007, increasing from 57 percent to 59 percent.

Real estate remains our largest industry concentration, accounting for 14 percent of total commercial committed exposure. Growth of $956 million, or one percent, was driven primarily by shopping center/retail, office building and multiple use property types. Diversified financials grew by $6.7 billion, or eight percent, and banks grew by $3.0 billion, or nine percent, both due to increased derivative asset exposure. Telecommunications increased $2.4 billion, or 29 percent, due to bridge financing related deals and capital goods grew by $1.5 billion, or three percent, driven by diversified demand across machinery related industries. Government and public education exposure decreased $5.2 billion, or nine percent, due to a reduction in financing commitments to student lenders.

Monoline exposure is reported in the insurance industry and managed under the insurance portfolio industry limits. Direct commercial committed exposure to monolines consisted of revolvers of $203 million at both March 31, 2008 and December 31, 2007 and net mark-to-market derivative exposure of $1.5 billion at March 31, 2008 compared to $420 million at December 31, 2007. The increase in the derivative exposure was due to spread widening in both wrapped CDO and structured finance related exposures. For more information on our CDO exposures, see our discussion beginning on page 67.

We have indirect exposure to monolines primarily in the form of guarantees supporting our loans, investment portfolios, securitizations, credit enhanced securities as part of our public finance business and other selected products. Such indirect exposure exists when we purchase credit protection from monolines to hedge all or a portion of the credit risk on certain credit exposures including loans and CDOs. We underwrite our public finance exposure by evaluating the underlying securities. In the case of default we first look to the underlying securities and then to recovery on the purchased insurance. See page 67 for discussion on our CDO exposure and related credit protection.

We also have indirect exposure as we invest in securities where the issuers have purchased wraps (i.e., insurance). For example, municipalities and corporations purchase protection in order to enhance their pricing power which has the effect of reducing their cost of borrowings. If the rating agencies downgrade the monolines, the credit rating of the bond may fall and may have an adverse impact on the market value of the security.

We have further exposure related to our public finance business where we are the lead manager or remarketing agent for transactions that are wrapped including auction rate securities (ARS), tender option municipal bonds (TOBs), and variable rate demand notes (VRDNs). Recent concerns about monoline downgrades or insolvency has caused disruptions in each of these markets as investor concerns have impacted overall market liquidity and bond prices. We are the lead manager on municipal and, to a lesser extent, student loan ARS where a high percentage of the programs are wrapped by either monolines or other financial guarantors. We are the remarketing agent on TOBs and VRDN transactions and also provide commitments on approximately $10.5 billion of VRDNs, including those issued by municipalities and other organizations, which obligate us to purchase the VRDNs in the event that they can not be remarketed or otherwise provide funding to the issuer.

At March 31, 2008, we held within trading account assets approximately $2.8 billion in ARS, $1.4 billion in VRDNs and $190 million in TOBs acquired in connection with these activities. During the three months ended March 31, 2008, we recorded losses of $216 million on the ARS, primarily related to student loan-backed securities. We no longer serve in our role as lead manager for these securities. We had no losses on the VRDNs or TOBs during the three months ended March 31, 2008. We continue to have liquidity exposure to these markets and instruments, and as market conditions continue to evolve, these conditions may impact our results. For additional information on our liquidity exposure to tender option bond municipal trusts, see the municipal bond trusts and corporate SPEs discussion beginning on page 81.

***Table 23***
***Commercial Credit Exposure by Industry*** [1, 2]

| (Dollars in millions) | Commercial Utilized | | Total Commercial Committed | |
|---|---|---|---|---|
| | **March 31 2008** | December 31 2007 | **March 31 2008** | December 31 2007 |
| Real estate [3] | **$81,102** | $81,260 | **$112,698** | $111,742 |
| Diversified financials | **43,065** | 37,872 | **92,839** | 86,118 |
| Retailing | **33,710** | 33,280 | **54,195** | 55,184 |
| Capital goods | **28,168** | 25,908 | **53,897** | 52,356 |
| Government and public education | **30,219** | 31,743 | **52,203** | 57,437 |
| Healthcare equipment and services | **25,512** | 24,337 | **42,253** | 40,962 |
| Consumer services | **25,141** | 23,382 | **40,744** | 38,650 |
| Materials | **24,329** | 22,176 | **39,695** | 38,717 |
| Banks | **24,774** | 21,261 | **38,339** | 35,323 |
| Individuals and trusts | **22,676** | 22,323 | **33,046** | 32,425 |
| Commercial services and supplies | **21,744** | 21,175 | **31,578** | 31,858 |
| Food, beverage and tobacco | **14,170** | 13,919 | **27,210** | 25,701 |
| Energy | **13,276** | 12,772 | **24,461** | 23,510 |
| Media | **8,092** | 7,901 | **20,024** | 19,343 |
| Utilities | **6,135** | 6,438 | **19,185** | 19,281 |
| Transportation | **13,020** | 12,803 | **19,003** | 18,824 |
| Insurance | **9,032** | 7,162 | **17,343** | 16,014 |
| Religious and social organizations | **8,462** | 8,208 | **11,187** | 10,982 |
| Consumer durables and apparel | **6,137** | 5,802 | **10,833** | 10,907 |
| Telecommunication services | **5,782** | 3,475 | **10,618** | 8,235 |
| Technology hardware and equipment | **4,427** | 4,615 | **10,191** | 10,239 |
| Software and services | **4,876** | 4,739 | **10,069** | 10,128 |
| Pharmaceuticals and biotechnology | **4,701** | 4,349 | **9,561** | 8,563 |
| Automobiles and components | **2,851** | 2,648 | **6,519** | 6,960 |
| Food and staples retailing | **2,638** | 2,732 | **4,943** | 5,318 |
| Household and personal products | **989** | 889 | **2,916** | 2,776 |
| Semiconductors and semiconductor equipment | **986** | 1,140 | **1,657** | 1,734 |
| Other | **8,143** | 8,407 | **8,763** | 8,505 |
| **Total commercial credit exposure by industry** | **$474,157** | $452,716 | **$805,970** | $787,792 |
| Net credit default protection purchased on total commitments [4] | | | **$(9,006)** | $(7,146) |

(1) Total commercial utilized and total commercial committed exposure includes loans and letters of credit measured at fair value in accordance with SFAS 159 and are comprised of loans outstanding of $5.1 billion and $4.6 billion, and issued letters of credit at notional value of $1.3 billion and $1.1 billion at March 31, 2008 and December 31, 2007. In addition, total commercial committed exposure includes unfunded loan commitments at notional value of $19.0 billion and $19.8 billion at March 31, 2008 and December 31, 2007.

(2) Includes small business commercial – domestic exposure.

(3) Industries are viewed from a variety of perspectives to best isolate the perceived risks. For purposes of this table, the real estate industry is defined based upon the borrowers' or counterparties' primary business activity using operating cash flow and primary source of repayment as key factors.

(4) Represents net notional credit protection purchased.

Credit protection is purchased to cover the funded portion as well as the unfunded portion of certain credit exposure. To lessen the cost of obtaining our desired credit protection levels, credit exposure may be added within an industry, borrower or counterparty group by selling protection. Since December 31, 2007, our net credit default protection purchased has been increased by $1.9 billion to $9.0 billion as we continue to reposition the level of purchased protection.

At March 31, 2008 and December 31, 2007, we had net notional credit default protection purchased in our credit derivatives portfolio of $9.0 billion and $7.1 billion. The mark-to-market impacts, including the cost of the net credit default protection hedging our credit exposure, resulted in net gains of $338 million for the three months ended March 31, 2008 compared to net losses of $14 million in the same period a year ago. The net gains for the three months ended March 31, 2008 predominantly offset the losses recorded on loans and unfunded lending commitments measured at fair value. For further discussion see the Commercial Loans Measured at Fair Value section on page 108. The average VAR for our net credit default protection hedging our credit exposure was $19 million and $27 million for the three months ended March 31, 2008 and 2007. The decrease in VAR was driven by an increase in the average amount of credit protection outstanding during the periods. There is a diversification effect between the net credit default protection hedging our credit exposure and the market-based trading portfolio such that their combined average VAR was $94 million and $39 million for the three months ended March 31, 2008 and 2007. Refer to the Trading Risk Management discussion beginning on page 120 for a description of our VAR calculation for the market-based trading portfolio.

Tables 24 and 25 present the maturity profiles and the credit exposure debt ratings of the net credit default protection portfolio at March 31, 2008 and December 31, 2007.

***Table 24***

***Net Credit Default Protection by Maturity Profile***

| | **March 31 2008** | December 31 2007 |
|---|---|---|
| Less than or equal to one year | **2 %** | 2 % |
| Greater than one year and less than or equal to five years | **75** | 67 |
| Greater than five years | **23** | 31 |
| **Total net credit default protection** | **100 %** | 100 % |

***Table 25***

***Net Credit Default Protection by Credit Exposure Debt Rating(1)***

| (Dollars in millions) | **March 31, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| **Ratings** | **Net Notional** | **Percent** | Net Notional | Percent |
| AAA | **$(19)** | **0.2 %** | $(13) | 0.2 % |
| AA | **(109)** | **1.2** | (92) | 1.3 |
| A | **(2,986)** | **33.2** | (2,408) | 33.7 |
| BBB | **(3,989)** | **44.3** | (3,328) | 46.6 |
| BB | **(1,633)** | **18.1** | (1,524) | 21.3 |
| B | **(150)** | **1.7** | (180) | 2.5 |
| CCC and below | **(75)** | **0.8** | (75) | 1.0 |
| NR (2) | **(45)** | **0.5** | 474 | (6.6) |
| **Total net credit default protection** | **$(9,006)** | **100.0 %** | $(7,146) | 100.0 % |

(1) In order to mitigate the cost of purchasing credit protection, credit exposure can be added by selling credit protection. The distribution of debt rating for net notional credit default protection purchased is shown as a negative and the net notional credit protection sold is shown as a positive amount.

(2) In addition to unrated names, "NR" did not have net credit default swap index positions at March 31, 2008 compared to $550 million at December 31, 2007. While index positions are principally investment grade, credit default swaps indices include names in and across each of the ratings categories.

In addition to our net notional credit default protection purchased to cover the funded and unfunded portion of certain credit exposures, credit derivatives are used for market making activities for clients and establishing proprietary positions intended to profit from directional or relative value changes. We execute the majority of our credit derivative positions in the over-the-counter market with large, international financial institutions, including broker/dealers and to a lesser degree with a variety of investors such as hedge funds and other entities. Because these transactions are executed in the over-the-counter market we are subject to settlement risk. We are also subject to credit risk in the event that these counterparties fail to perform under the terms of these contracts. In most cases, credit derivative transactions are executed on a daily margin basis. Therefore, events such as a credit downgrade (depending on the ultimate rating level) or a breach of credit covenants would typically require an increase in the amount of collateral required of the counterparty (where applicable), and/or allow us to take additional protective measures such as early termination of all trades. Further, we enter into legally enforceable master netting agreements which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon the occurrence of certain events.

The notional amounts presented in the following table represent the total contract/notional amount of credit derivatives outstanding and includes both purchased and written protection. The significant increase in credit spreads across nearly all major credit indices during the three months ended March 31, 2008 drove higher levels of counterparty credit risk for purchased protection relative to the change in the contract/notional amounts.

***Table 26***
***Credit Derivatives***

| | **March 31, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| (Dollars in millions) | **Contract/Notional** | **Credit Risk** | Contract/Notional | Credit Risk |
| **Credit derivatives** | | | | |
| **Purchased protection:** | | | | |
| Credit default swaps | **$1,508,383** | **$10,716** | $1,482,210 | $6,806 |
| Total return swaps | **10,614** | **1,384** | 13,551 | 671 |
| Other credit derivatives | **8,049** | **1** | 8,431 | 16 |
| **Total purchased protection** | **1,527,046** | **12,101** | 1,504,192 | 7,493 |
| **Written protection:** | | | | |
| Credit default swaps | **1,539,925** | **-** | 1,517,305 | - |
| Total return swaps | **19,327** | **-** | 24,884 | - |
| Other credit derivatives | **-** | **-** | - | - |
| **Total written protection** | **1,559,252** | **-** | 1,542,189 | - |
| **Credit derivatives consolidated** | **$3,086,298** | **$12,101** | $3,046,381 | $7,493 |

## Foreign Portfolio

Our foreign credit and trading portfolio is subject to country risk. We define country risk as the risk of loss from unfavorable economic and political conditions, currency fluctuations, social instability and changes in government policies. A risk management framework is in place to measure, monitor and manage foreign risk and exposures. Management oversight of country risk including cross-border risk is provided by the Country Risk Committee.

Table of Contents

Table 27 sets forth total foreign exposure to borrowers or counterparties in emerging markets. Foreign exposure includes credit exposure net of local liabilities, securities, and other investments domiciled in countries other than the United States. Credit card exposure is reported on a funded basis. Total foreign exposure can be adjusted for externally guaranteed exposure and certain collateral types. Exposure which is assigned external guarantees are reported under the country of the guarantor. Exposure with tangible collateral is reflected in the country where the collateral is held. For securities received, other than cross-border resale agreements, exposure is assigned to the domicile of the issuer of the securities. Resale agreements are generally presented based on the domicile of the counterparty consistent with FFIEC reporting rules.

***Table 27***

***Selected Emerging Markets*** [1]

| (Dollars in millions) | Loans and Leases, and Loan Commitments | Other Financing [2] | Derivative Assets [3] | Securities/ Other Investments [4] | Total Cross-border Exposure [5] | Local Country Exposure Net of Local Liabilities [6] | **Total Emerging Market Exposure at March 31, 2008** | Increase (Decrease) From December 31, 2007 |
|---|---|---|---|---|---|---|---|---|
| **Region/Country** | | | | | | | | |
| **Asia Pacific** | | | | | | | | |
| China | $356 | $47 | $241 | $14,790 | $15,434 | $- | **$15,434** | $(1,606) |
| India | 1,336 | 628 | 429 | 1,220 | 3,613 | - | **3,613** | 321 |
| South Korea | 178 | 817 | 379 | 2,224 | 3,598 | - | **3,598** | (804) |
| Taiwan | 328 | 51 | 107 | 140 | 626 | 539 | **1,165** | 98 |
| Singapore | 370 | 41 | 211 | 504 | 1,126 | - | **1,126** | (166) |
| Hong Kong | 421 | 63 | 150 | 143 | 777 | - | **777** | (18) |
| Other Asia Pacific [7] | 151 | 76 | 48 | 411 | 686 | - | **686** | (1) |
| **Total Asia Pacific** | 3,140 | 1,723 | 1,565 | 19,432 | 25,860 | 539 | **26,399** | (2,176) |
| **Latin America** | | | | | | | | |
| Mexico | 1,421 | 248 | 65 | 2,910 | 4,644 | - | **4,644** | 206 |
| Brazil | 659 | 188 | 26 | 2,696 | 3,569 | 224 | **3,793** | 106 |
| Chile | 568 | 37 | 1 | 15 | 621 | 8 | **629** | (90) |
| Other Latin America [7] | 248 | 198 | 5 | 73 | 524 | 151 | **675** | 28 |
| **Total Latin America** | 2,896 | 671 | 97 | 5,694 | 9,358 | 383 | **9,741** | 250 |
| **Middle East and Africa** | | | | | | | | |
| Bahrain | 119 | 9 | 39 | 403 | 570 | - | **570** | 423 |
| South Africa | 377 | 12 | 11 | 113 | 513 | - | **513** | 71 |
| Other Middle East and Africa [7] | 370 | 160 | 208 | 155 | 893 | - | **893** | (459) |
| **Total Middle East and Africa** | 866 | 181 | 258 | 671 | 1,976 | - | **1,976** | 35 |
| **Central and Eastern Europe** [7] | 66 | 206 | 100 | 110 | 482 | - | **482** | 58 |
| **Total emerging market exposure** | $6,968 | $2,781 | $2,020 | $25,907 | $37,676 | $922 | **$38,598** | $(1,833) |

(1) There is no generally accepted definition of emerging markets. The definition that we use includes all countries in Asia Pacific excluding Japan, Australia and New Zealand; all countries in Latin America excluding Cayman Islands and Bermuda; all countries in Middle East and Africa; and all countries in Central and Eastern Europe excluding Greece. There was no emerging market exposure included in the portfolio measured at fair value in accordance with SFAS 159 at March 31, 2008 and December 31, 2007.
(2) Includes acceptances, standby letters of credit, commercial letters of credit and formal guarantees.
(3) Derivative assets are reported on a mark-to-market basis and have been reduced by the amount of cash collateral applied of $145 million and $57 million at March 31, 2008 and December 31, 2007. At March 31, 2008 and December 31, 2007, there were $10 million and $2 million of other marketable securities collateralizing derivative assets for which credit risk has not been reduced.
(4) Generally, cross-border resale agreements are presented based on the domicile of the counterparty, consistent with FFIEC reporting rules. Cross-border resale agreements where the underlying securities are U.S. Treasury securities, in which case the domicile is the U.S., are excluded from this presentation.
(5) Cross-border exposure includes amounts payable to the Corporation by borrowers or counterparties with a country of residence other than the one in which the credit is booked, regardless of the currency in which the claim is denominated, consistent with FFIEC reporting rules.
(6) Local country exposure includes amounts payable to the Corporation by borrowers with a country of residence in which the credit is booked, regardless of the currency in which the claim is denominated. Local funding or liabilities are subtracted from local exposures as allowed by the FFIEC. Total amount of available local liabilities funding local country exposure at March 31, 2008 was $22.3 billion compared to $21.6 billion at December 31, 2007. Local liabilities at March 31, 2008 in Asia Pacific and Latin America were $21.0 billion and $1.3 billion, of which $9.0 billion were in Hong Kong, $5.5 billion in Singapore, $2.7 billion in South Korea, $1.3 billion in China, $1.2 billion in Mexico, $1.1 billion in India, and $507 million in Taiwan. There were no other countries with available local liabilities funding local country exposure greater than $500 million.
(7) No country included in Other Asia Pacific, Other Latin America, Other Middle East and Africa, and Central and Eastern Europe had total foreign exposure of more than $500 million.

As presented in Table 27, foreign exposure to borrowers or counterparties in emerging markets decreased $1.8 billion to $38.6 billion at March 31, 2008 compared to $40.4 billion at December 31, 2007. The decrease was primarily due to the lower value of our equity investment in CCB. Foreign exposure to borrowers or counterparties in emerging markets represented 28 percent and 29 percent of total foreign exposure at March 31, 2008 and December 31, 2007.

At March 31, 2008, 68 percent of the emerging markets exposure was in Asia Pacific, compared to 71 percent at December 31, 2007. Asia Pacific emerging markets exposure decreased by $2.2 billion, driven by the lower value of the CCB investment as well as lower securities exposure in South Korea. The investment in CCB, classified in Table 27 as securities and other investments, accounted for $14.5 billion and $16.4 billion of exposure in China at March 31, 2008 and December 31, 2007.

At March 31, 2008, 25 percent of the emerging markets exposure was in Latin America compared to 23 percent at December 31, 2007. Latin America emerging markets exposure increased by $250 million, driven primarily by higher loan and loan commitments in Mexico and higher cross-border other financing and securities and other investments exposures in Brazil as presented in Table 27. The carrying value of our investment in Banco Itaú accounted for $2.6 billion of exposure in Brazil at both March 31, 2008 and December 31, 2007. The March 31, 2008 equity investment in Banco Itaú represents seven percent of its outstanding voting and non-voting shares. Our investment in Banco Itaú is currently carried at cost and will be accounted for as AFS marketable equity securities and carried at fair value beginning in the second quarter of 2008. Our 24.9 percent investment in Santander accounted for $2.7 billion and $2.6 billion of exposure in Mexico at March 31, 2008 and December 31, 2007.

## Provision for Credit Losses

The provision for credit losses increased $4.8 billion to $6.0 billion for the three months ended March 31, 2008 compared to the same period in 2007.

The consumer portion of the provision for credit losses increased $3.6 billion to $4.6 billion for the three months ended March 31, 2008 compared to the same period in 2007. This increase was primarily driven by reserve increases and higher net charge-offs in our home equity and residential mortgage portfolios, reflective of deterioration in the housing markets particularly in geographic areas that have experienced the most significant declines in home prices. Portfolio seasoning and to a lesser extent the slowing economy resulted in reserve increases in the unsecured lending and domestic credit card portfolios. The absence of prior year reserve reductions that resulted from additions of higher loss profile accounts to the domestic credit card securitization trust also contributed to the increase in provision. Additionally, net charge-offs increased in other domestic consumer portfolios reflecting portfolio seasoning, the impacts of a slowing economy, particularly in geographic areas with the weakest housing markets, and higher bankruptcies.

The commercial portion of the provision for credit losses increased $1.2 billion to $1.4 billion for the three months ended March 31, 2008 compared to the same period in 2007. Reserves were increased for higher losses in the small business portfolio within *GCSBB* reflecting the impacts of a slowing economy, particularly in geographic areas that have experienced the most significant home price declines as well as seasoning of portions of the portfolio originated in periods of higher growth. The housing market slowdown also drove increases in the reserves on the homebuilder loan portfolio within *GCIB.* The first quarter of 2007 also included a reduction of reserves in *All Other* reflecting the sale of our Argentina portfolio. Additionally, net charge-offs were higher in the small business portfolios within *GCSBB* and the homebuilder loan portfolio in *GCIB*.

The provision for credit losses related to unfunded lending commitments was negative $11 million for the three months ended March 31, 2008 compared to $7 million for the three months ended March 31, 2007.

## Allowance for Credit Losses

### *Allowance for Loan and Lease Losses*

The allowance for loan and lease losses excludes loans measured at fair value in accordance with SFAS 159 as subsequent mark-to-market adjustments related to loans measured at fair value include a credit risk component. The allowance for loan and lease losses is allocated based on two components. We evaluate the adequacy of the allowance for loan and lease losses based on the combined total of these two components.

The first component of the allowance for loan and lease losses covers those commercial loans measured at historical cost that are either nonperforming or impaired. An allowance is allocated when the discounted cash flows (or collateral value or observable market price) are lower than the carrying value of that loan. For purposes of computing the specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using historical loss experience for the respective product type and risk rating of the loans.

The second component of the allowance for loan and lease losses covers performing consumer and commercial loans and leases measured at historical cost. The allowance for commercial loan and lease losses is established by product type after analyzing historical loss experience by internal risk rating, current economic conditions, industry performance trends, geographic or obligor concentrations within each portfolio segment, and any other pertinent information. The commercial historical loss experience is updated quarterly to incorporate the most recent data reflective of the current economic environment. As of March 31, 2008, quarterly updating of historical loss experience did not have a material impact on the allowance for loan and lease losses. The allowance for consumer and certain homogeneous commercial loan and lease products is based on aggregated portfolio segment evaluations, generally by product type. Loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic trends and credit scores. These loss forecast models are updated on a quarterly basis in order to incorporate information reflective of the current economic environment. As of March 31, 2008, quarterly updating of the loss forecast models resulted in increases in the allowance for loan and lease losses driven by higher losses in the home equity and residential mortgage portfolios, reflective of deterioration in the housing markets and portfolio seasoning and to a lesser extent the impacts of the slowing economy on the domestic credit card and unsecured lending portfolios. Included within this second component of the allowance for loan and lease losses and determined separately from the procedures outlined above are reserves which are maintained to cover uncertainties that affect our estimate of probable losses including domestic and global economic uncertainty and large single name defaults.

We monitor differences between estimated and actual incurred loan and lease losses. This monitoring process includes periodic assessments by senior management of loan and lease portfolios and the models used to estimate incurred losses in those portfolios.

Additions to the allowance for loan and lease losses are made by charges to the provision for credit losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts are credited to the allowance for loan and lease losses.

The allowance for loan and lease losses for the consumer portfolio as presented in Table 29 was $9.2 billion at March 31, 2008, an increase of $2.5 billion from December 31, 2007. This increase was primarily driven by reserve increases related to higher losses in our home equity and residential mortgage portfolios. Portfolio seasoning and to a lesser extent the slowing economy resulted in reserve increases in the unsecured lending and domestic consumer credit card portfolios. For further discussion, see Provision for Credit Losses beginning on page 115.

The allowance for commercial loan and lease losses was $5.6 billion at March 31, 2008, an $817 million increase from December 31, 2007. The increase in allowance levels was driven by higher losses in the small business portfolio within *GCSBB* and reserve increases on the homebuilder loan portfolio within *GCIB*. For further discussion, see Provision for Credit Losses beginning on page 115.

The allowance for loan and lease losses as a percentage of total loans and leases outstanding was 1.71 percent at March 31, 2008, compared to 1.33 percent at December 31, 2007. The increase in the ratio was primarily driven by reserve increases for higher losses in the home equity, residential mortgage and commercial homebuilder loan portfolios, reflective of deterioration in the housing markets particularly in geographic areas that have experienced the most significant home price declines. Reserve increases for portfolio seasoning and the impacts of a slowing economy on the *Card Services'* small business, unsecured lending and domestic credit card portfolios also contributed to the higher ratio.

***Reserve for Unfunded Lending Commitments***

In addition to the allowance for loan and lease losses, we also estimate probable losses related to unfunded lending commitments measured at historical cost, such as letters of credit and financial guarantees, and binding unfunded loan commitments. Unfunded lending commitments are subject to the same assessment as funded loans, except utilization assumptions are considered. The reserve for unfunded lending commitments is included in accrued expenses and other liabilities on the Consolidated Balance Sheet with changes to the reserve generally made through the provision for credit losses.

The reserve for unfunded lending commitments at March 31, 2008 was $507 million compared to $518 million at December 31, 2007.

Table 28 presents a rollforward of the allowance for credit losses for the three months ended March 31, 2008 and 2007.

***Table 28***
***Allowance for Credit Losses***

| | Three Months Ended March 31 | |
|---|---|---|
| (Dollars in millions) | **2008** | 2007 |
| **Allowance for loan and lease losses, January 1** | **$11,588** | $9,016 |
| **Adjustment due to the adoption of SFAS 159** | **-** | (32) |
| **Loans and leases charged off** | | |
| Residential mortgage | **(85)** | (13) |
| Credit card – domestic | **(950)** | (899) |
| Credit card – foreign | **(135)** | (102) |
| Home equity | **(582)** | (20) |
| Direct/Indirect consumer | **(719)** | (405) |
| Other consumer | **(103)** | (68) |
| Total consumer charge-offs | **(2,574)** | (1,507) |
| Commercial – domestic (1) | **(470)** | (214) |
| Commercial real estate | **(108)** | (4) |
| Commercial lease financing | **(21)** | (10) |
| Commercial – foreign | **(7)** | (8) |
| Total commercial charge-offs | **(606)** | (236) |
| Total loans and leases charged off | **(3,180)** | (1,743) |
| **Recoveries of loans and leases previously charged off** | | |
| Residential mortgage | **19** | 7 |
| Credit card – domestic | **103** | 93 |
| Credit card – foreign | **26** | 14 |
| Home equity | **86** | 3 |
| Direct/Indirect consumer | **164** | 126 |
| Other consumer | **17** | 20 |
| Total consumer recoveries | **415** | 263 |
| Commercial – domestic (2) | **29** | 30 |
| Commercial real estate | **1** | 1 |
| Commercial lease financing | **6** | 11 |
| Commercial – foreign | **14** | 11 |
| Total commercial recoveries | **50** | 53 |
| Total recoveries of loans and leases previously charged off | **465** | 316 |
| Net charge-offs | **(2,715)** | (1,427) |
| Provision for loan and lease losses | **6,021** | 1,228 |
| Other | **(3)** | (53) |
| Allowance for loan and lease losses, March 31 | **14,891** | 8,732 |
| **Reserve for unfunded lending commitments, January 1** | **518** | 397 |
| Adjustment due to the adoption of SFAS 159 | **-** | (28) |
| Provision for unfunded lending commitments | **(11)** | 7 |
| Other | **-** | (2) |
| Reserve for unfunded lending commitments, March 31 | **507** | 374 |
| **Allowance for credit losses, March 31** | **$15,398** | $9,106 |
| Loans and leases outstanding measured at historical cost at March 31 | **$868,813** | $719,774 |
| Allowance for loan and lease losses as a percentage of total loans and leases outstanding measured at historical cost at March 31 (3) | **1.71 %** | 1.21 % |
| Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at March 31 | **1.70** | 1.11 |
| Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding measured at historical cost at March 31 (3) | **1.74** | 1.42 |
| Average loans and leases outstanding measured at historical cost during the period | **$870,980** | $714,042 |
| Annualized net charge-offs as a percentage of average loans and leases outstanding measured at historical cost during the period (3) | **1.25 %** | 0.81 % |
| Allowance for loan and lease losses as a percentage of total nonperforming loans and leases measured at historical cost at March 31 | **203** | 443 |
| Ratio of the allowance for loan and lease losses at March 31 to annualized net charge-offs | **1.36** | 1.51 |

(1) Includes small business commercial – domestic charge-offs of $368 million and $171 million for the three months ended March 31, 2008 and 2007.
(2) Includes small business commercial – domestic recoveries of $9 million and $11 million for the three months ended March 31, 2008 and 2007.
(3) Ratios do not include loans measured at fair value in accordance with SFAS 159 at and for the periods ended March 31, 2008 and 2007. Loans measured at fair value were $5.1 billion and $3.9 billion at March 31, 2008 and 2007.

Table of Contents

For reporting purposes, we allocate the allowance for credit losses across products. However, the allowance is available to absorb any credit losses without restriction. Table 29 presents our allocation by product type.

***Table 29***
***Allocation of the Allowance for Credit Losses by Product Type***

| (Dollars in millions) | March 31, 2008 | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Percent of Total** | | Amount | Percent of Total | |
| **Allowance for loan and lease losses** | | | | | | |
| Residential mortgage | **$394** | **2.6** | **%** | $207 | 1.8 | % |
| Credit card – domestic | **3,182** | **21.4** | | 2,919 | 25.2 | |
| Credit card – foreign | **472** | **3.2** | | 441 | 3.8 | |
| Home equity | **2,549** | **17.1** | | 963 | 8.3 | |
| Direct/Indirect consumer | **2,485** | **16.7** | | 2,077 | 17.9 | |
| Other consumer | **162** | **1.1** | | 151 | 1.3 | |
| Total consumer | **9,244** | **62.1** | | 6,758 | 58.3 | |
| Commercial – domestic (1) | **3,878** | **26.0** | | 3,194 | 27.6 | |
| Commercial real estate | **1,206** | **8.1** | | 1,083 | 9.3 | |
| Commercial lease financing | **227** | **1.5** | | 218 | 1.9 | |
| Commercial – foreign | **336** | **2.3** | | 335 | 2.9 | |
| Total commercial (2) | **5,647** | **37.9** | | 4,830 | 41.7 | |
| **Allowance for loan and lease losses** | **14,891** | **100.0** | **%** | 11,588 | 100.0 | % |
| **Reserve for unfunded lending commitments** | **507** | | | 518 | | |
| **Allowance for credit losses** | **$15,398** | | | $12,106 | | |

(1) Includes allowance for small business commercial – domestic loans of $2.0 billion and $1.4 billion at March 31, 2008 and December 31, 2007.
(2) Includes allowance for loan and lease losses for impaired commercial loans of $242 million and $123 million at March 31, 2008 and December 31, 2007.

## Market Risk Management

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions such as market movements. This risk is inherent in the financial instruments associated with our operations and/or activities including loans, deposits, securities, short-term borrowings, long-term debt, trading account assets and liabilities, and derivatives. Market-sensitive assets and liabilities are generated through loans and deposits associated with our traditional banking business, customer and proprietary trading operations, ALM process, credit risk mitigation activities and mortgage banking activities. In the event of market volatility, factors such as underlying market movements and liquidity have an impact on the results of the Corporation. More detailed information on our market risk management process is included on pages 61 through 68 of MD&A filed in the Corporation's 2007 Annual Report on Form 10-K.

## Trading Risk Management

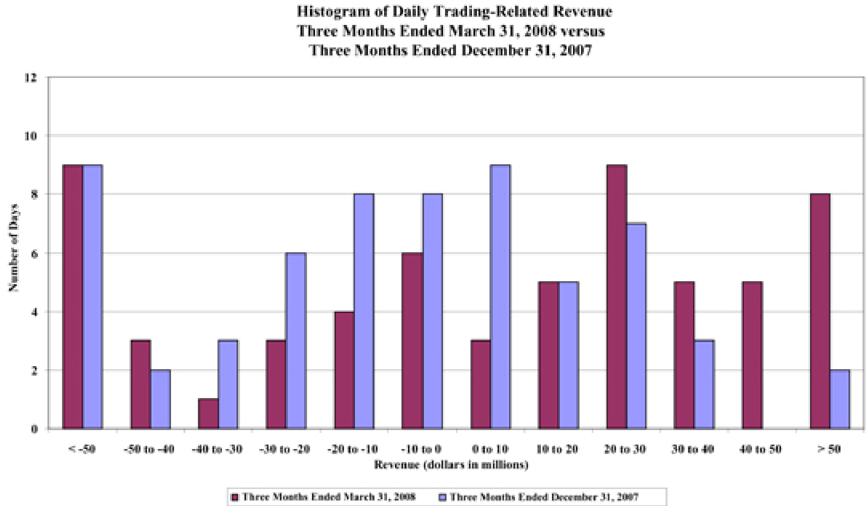
Trading-related revenues represent the amount earned from trading positions, including market-based net interest income, which are taken in a diverse range of financial instruments and markets. Trading account assets and liabilities and derivative positions are reported at fair value. For more information on fair value, see *Note 14 – Fair Value Disclosures* to the Consolidated Financial Statements. Trading-related revenues can be volatile and are largely driven by general market conditions and customer demand. Trading-related revenues are dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements at any given time within the ever-changing market environment.

The GRC, chaired by the Global Markets Risk Executive, has been designated by ALCO as the primary governance authority for Global Markets Risk Management including trading risk management. The GRC's focus is to take a forward-looking view of the primary credit and market risks impacting *CMAS* and prioritize those that need a proactive risk mitigation strategy.

At the GRC meetings, the committee considers significant daily revenues and losses by business along with an explanation of the primary driver of the revenue or loss. Thresholds are established for each of our businesses in order to determine if the revenue or loss is considered to be significant for that business. If any of the thresholds are exceeded, an explanation of the variance is made to the GRC. The thresholds are developed in coordination with the respective risk managers to highlight those revenues or losses which exceed what is considered to be normal daily income statement volatility.

The following histogram is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for the three months ended March 31, 2008 as compared with the three months ended December 31, 2007. During the three months ended March 31, 2008, positive trading-related revenue was recorded for 57 percent of the trading days, 33 percent of the trading days had losses greater than $10 million, and the largest loss was $98 million. This can be compared to the three months ended December 31, 2007, where, excluding the discrete dates discussed below, positive trading-related revenue was recorded for 42 percent of the trading days, 45 percent of the trading days had losses greater than $10 million, and the largest loss was $149 million.

During the second half of 2007, CDO-related markets experienced significant illiquidity impacting the availability and reliability of transparent pricing resulting in the valuation of CDOs becoming more complex and time consuming. Accordingly, it was not possible to mark these positions to market on a daily basis. As a result, during the three months ended December 31, 2007, we recorded valuation adjustments in trading account profits (losses) of approximately $4.0 billion on certain discrete dates relating to our super senior CDO exposure. During the three months ended March 31, 2008, we continued to take writedowns on our CDO exposure, but revalued these positions on a more regular basis, and therefore no CDO-related losses were excluded from the following table for the three months ended March 31, 2008. For more information on our CDO exposure and related losses, see the CDO discussion beginning on page 67.




To evaluate risk in our trading activities, we focus on the actual and potential volatility of individual positions as well as portfolios. VAR is a key statistic used to measure market risk. In order to manage day-to-day risks, VAR is subject to trading limits both for our overall trading portfolio and within individual businesses. All limit excesses are communicated to management for review.

A VAR model simulates the value of a portfolio under a range of hypothetical scenarios in order to generate a distribution of potential gains and losses. The VAR represents the worst loss the portfolio is expected to experience based on historical trends with a given level of confidence. VAR depends on the volatility of the positions in the portfolio and on how strongly their risks are correlated. Within any VAR model, there are significant and numerous assumptions that will differ from company to company. In addition, the accuracy of a VAR model depends on the availability and quality of historical data for each of the positions in the portfolio. A VAR model may require additional modeling assumptions for new products which do not have extensive historical price data, or for illiquid positions for which accurate daily prices are not consistently available. Our VAR model uses a historical simulation approach based on three years of historical data and assumes a 99 percent confidence level. Statistically, this means that losses will exceed VAR, on average, one out of 100 trading days, or two to three times each year.

A VAR model is an effective tool in estimating ranges of potential gains and losses on our trading portfolios. There are however many limitations inherent in a VAR model as it utilizes historical results over a defined time period to estimate future performance. Historical results may not always be indicative of future results and changes in market conditions or in the composition of the underlying portfolio could have a material impact on the accuracy of the VAR model. This was of particular relevance during the second half of 2007 when markets experienced a period of extreme illiquidity resulting in losses that were far outside of the normal loss forecasts by VAR models. As such, from time to time, we update the assumptions and historical data underlying our VAR model. During the first quarter of 2008, we increased the frequency with which we update the historical data to a weekly basis. Previously, this was updated on a quarterly basis.

Due to the limitations mentioned above, we have historically used the VAR model as only one of the components in managing our trading risk and also use other techniques such as stress testing and desk level limits. Periods of extreme market stress influence the reliability of these techniques to various degrees. See discussion on stress testing below.

On a quarterly basis, the accuracy of the VAR methodology is reviewed by backtesting (i.e., comparing actual results against expectations derived from historical data) the VAR results against the daily profit and loss. Graphic representation of the backtesting results with additional explanation of backtesting excesses are reported to the GRC. Backtesting excesses occur when trading losses exceed the VAR. Senior management reviews and evaluates the results of these tests.

The following graph shows daily trading-related revenue and VAR, excluding the discrete writedowns on our super senior CDO exposure taken in the fourth quarter of 2007, for the twelve months ended March 31, 2008. Excluding these writedowns, actual losses exceeded daily trading VAR fourteen times in the twelve months ended March 31, 2008 and losses did not exceed daily trading VAR in the twelve months ended March 31, 2007. During the three months ended March 31, 2008, we continued to take writedowns on our CDO exposure, but revalued these positions on a more regular basis, and therefore no CDO-related losses were excluded from the following graph for the three months ended March 31, 2008. The losses that exceeded daily trading VAR for the twelve months ended March 31, 2008, occurred during the market disruption which took place during the second half of 2007. Our increase in total trading VAR resulted from sharply increased volatility in the markets over the past three quarters, despite a reduction in our exposure.

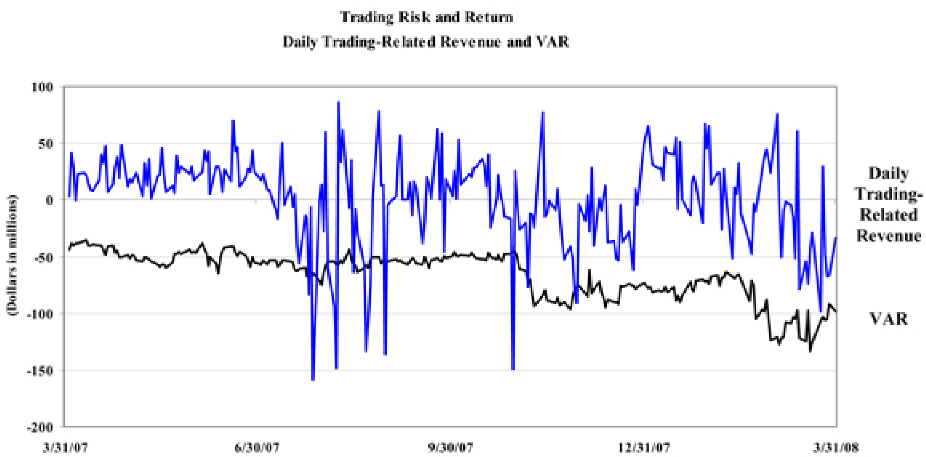


Table 30 presents average, high and low daily trading VAR for the three months ended March 31, 2008, December 31, 2007 and March 31, 2007.

***Table 30***
***Trading Activities Market Risk***

| | Three Months Ended March 31, 2008 | | | Three Months Ended December 31, 2007 | | | Three Months Ended March 31, 2007 | | |
|---|---|---|---|---|---|---|---|---|---|
| | VAR | | | VAR (1) | | | VAR | | |
| (Dollars in millions) | **Average** | **High (2)** | **Low (2)** | Average | High (2) | Low (2) | Average | High (2) | Low (2) |
| Foreign exchange | **$6.7** | **$9.5** | **$5.0** | $7.2 | $9.5 | $5.3 | $8.5 | $25.3 | $4.1 |
| Interest rate | **19.1** | **28.7** | **12.4** | 13.8 | 24.8 | 9.3 | 10.6 | 17.5 | 6.6 |
| Credit | **67.9** | **102.7** | **44.1** | 49.7 | 64.6 | 34.2 | 29.7 | 38.1 | 23.4 |
| Real estate/mortgage | **20.0** | **28.0** | **15.4** | 18.5 | 21.2 | 15.9 | 10.5 | 16.7 | 5.7 |
| Equities | **26.8** | **33.2** | **20.9** | 26.3 | 45.8 | 16.8 | 16.4 | 32.1 | 9.6 |
| Commodities | **9.5** | **12.5** | **6.6** | 8.6 | 10.7 | 6.1 | 6.2 | 9.6 | 3.7 |
| Portfolio diversification | **(59.9)** | **-** | **-** | (54.3) | - | - | (40.8) | - | - |
| **Total market-based trading portfolio (3)** | **$90.1** | **$133.6** | **$64.1** | $69.8 | $97.2 | $45.5 | $41.1 | $52.9 | $32.9 |

(1) Excludes our discrete writedowns on super senior CDO exposure. For more information on the CDO writedowns and the impact of the market disruption on the Corporation's results, see the CDO discussion beginning on page 67.

(2) The high and low for the total portfolio may not equal the sum of the individual components as the highs or lows of the individual portfolios may have occurred on different trading days.

(3) For a discussion of the VAR related to the credit derivatives that economically hedge the loan portfolio, see Industry Concentrations beginning on page 110. Additionally, the table above does not include credit protection purchased to manage our counterparty credit risk. During the three months ended March 31, 2008, the average VAR of this protection was $48 million.

The increase in average VAR from March 31, 2007 was driven by the increased market volatility that started during the second half of 2007 and continued into the first quarter of 2008, despite a reduction in our exposures over these periods. As discussed above, we updated our VAR model during the first quarter of 2008 and as the increased market volatility was incorporated into the historical price data, the level of VAR increased substantially. In periods of market stress, the GRC members communicate daily to discuss losses and VAR limit excesses. As a result of this process, the lines of business may selectively reduce risk. Where economically feasible, positions are sold or macro economic hedges are executed to reduce the exposure.

### *Stress Testing*

Because the very nature of a VAR model suggests results can exceed our estimates, we also "stress test" our portfolio. Stress testing estimates the value change in our trading portfolio that may result from abnormal market movements. Various types of stress tests are run regularly against the overall trading portfolio and individual businesses. Historical scenarios simulate the impact of price changes which occurred during a set of extended historical market events. The results of these scenarios are reported daily to management. During the three months ended March 31, 2008, the largest daily losses among the historical scenarios ranged from $133 million to $525 million. This can be compared with losses from $122 million to $520 million during the three months ended December 31, 2007. Hypothetical scenarios simulate the anticipated shocks from predefined market stress events. These stress events include shocks to underlying market risk variables which may be well beyond the shocks found in the historical data used to calculate the VAR. In addition to the value afforded by the results themselves this information provides senior management with a clear picture of the trend of risk being taken given the relatively static nature of the shocks applied. The results of these stress tests point to a broad decrease in risk taken during the three months ended March 31, 2008. During the quarter ended March 31, 2008, the largest losses among these scenarios ranged from $478 million to $555 million. This is down from $767 million to $1.5 billion in the prior quarter.

## Interest Rate Risk Management for Nontrading Activities

Interest rate risk represents the most significant market risk exposure to our nontrading exposures. Our overall goal is to manage interest rate risk so that movements in interest rates do not adversely affect core net interest income – managed basis. Interest rate risk is measured as the potential volatility in our core net interest income – managed basis caused by changes in market interest rates. Client facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet. Interest rate risk from these activities, as well as the impact of changing market conditions, is managed through our ALM activities.

Simulations are used to estimate the impact on core net interest income – managed basis using numerous interest rate scenarios, balance sheet trends and strategies. These simulations evaluate how the above mentioned scenarios impact core net interest income – managed basis on short-term financial instruments, debt securities, loans, deposits, borrowings, and derivative instruments. In addition, these simulations incorporate assumptions about balance sheet dynamics such as loan and deposit growth and pricing, changes in funding mix, and asset and liability repricing and maturity characteristics. These simulations do not include the impact of hedge ineffectiveness.

Management analyzes core net interest income – managed basis forecasts utilizing different rate scenarios, with the base case utilizing the forward interest rates. Management frequently updates the core net interest income – managed basis forecast for changing assumptions and differing outlooks based on economic trends and market conditions. Thus, we continually monitor our balance sheet position in an effort to maintain an acceptable level of exposure to interest rate changes.

We prepare forward-looking forecasts of core net interest income – managed basis. These baseline forecasts take into consideration expected future business growth, ALM positioning, and the direction of interest rate movements as implied by forward interest rates. We then measure and evaluate the impact that alternative interest rate scenarios have to these static baseline forecasts in order to assess interest rate sensitivity under varied conditions. The spot and 12-month forward monthly rates used in our respective baseline forecasts at March 31, 2008 and December 31, 2007 were as follows:

***Table 31***

***Forward Rates***

| | **March 31, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Federal Funds** | **Ten-Year Swap** | Federal Funds | Ten-Year Swap |
| Spot rates | **2.25 %** | **4.08 %** | 4.25 % | 4.67 % |
| 12-month forward rates | **1.75** | **4.38** | 3.13 | 4.79 |

Table of Contents

The following table reflects the pre-tax dollar impact to forecasted core net interest income – managed basis over the next twelve months from March 31, 2008 and December 31, 2007, resulting from a 100 bp gradual parallel increase, a 100 bp gradual parallel decrease, a 100 bp gradual curve flattening (increase in short-term rates or decrease in long-term rates) and a 100 bp gradual curve steepening (decrease in short-term rates or increase in long-term rates) from the forward market curve. For further discussion of core net interest income – managed basis see page 52.

***Table 32***

***Estimated Core Net Interest Income – Managed Basis at Risk***

| (Dollars in millions) Curve Change | Short Rate | Long Rate | **March 31 2008** | December 31 2007 |
|---|---|---|---|---|
| +100 Parallel shift | +100 | +100 | **$(865)** | $(952) |
| -100 Parallel shift | -100 | -100 | **527** | 865 |
| Flatteners | | | | |
| Short end | +100 | - | **(1,153)** | (1,127) |
| Long end | - | -100 | **(614)** | (386) |
| Steepeners | | | | |
| Short end | -100 | - | **1,112** | 1,255 |
| Long end | - | +100 | **275** | 181 |

The sensitivity analysis above assumes that we take no action in response to these rate shifts over the indicated years. The estimated exposure is reported on a managed basis and reflects impacts that may be realized primarily in net interest income and card income. This sensitivity analysis excludes any impact that could occur in the valuation of retained interests in the Corporation’s securitizations due to changes in interest rate levels. For additional information on securitizations, see *Note 8 – Securitizations* to the Consolidated Financial Statements.

Our core net interest income – managed basis was liability sensitive at both March 31, 2008 and December 31, 2007. Beyond what is already implied in the forward market curve, the interest rate risk position has become less exposed to rising rates since December 31, 2007. Over a 12-month horizon, we would benefit from falling rates or a steepening of the yield curve beyond what is already implied in the forward market curve.

As part of our ALM activities, we use securities, residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

### *Securities*

The securities portfolio is an integral part of our ALM position. The portfolio is primarily comprised of debt securities and includes mortgage-backed securities and to a lesser extent corporate, municipal and other investment grade debt securities. During the three months ended March 31, 2008 and 2007, we purchased AFS debt securities of $35.1 billion and $2.9 billion, sold $26.3 billion and $4.1 billion, and had maturities and received paydowns of $5.2 billion and $5.6 billion. We realized gains of $225 million and $62 million on sales of debt securities during the three months ended March 31, 2008 and 2007.

The amount of our accumulated OCI loss related to AFS debt securities increased by a pre-tax amount of $362 million during the three months ended March 31, 2008, driven by a decline in the value of municipal and foreign securities, and partially offset by unrealized gains associated with mortgage backed securities. For those securities that are in an unrealized loss position we have the intent and ability to hold these securities to recovery.

Accumulated OCI includes $4.8 billion in after-tax gains at March 31, 2008, related to unrealized gains associated with our AFS securities portfolio, including $2.1 billion of unrealized losses related to AFS debt securities and $6.9 billion of unrealized gains related to AFS marketable equity securities. Total market value of the AFS debt securities was $221.9 billion at March 31, 2008 with a weighted average duration of 5.5 years and primarily relates to our mortgage-backed securities portfolio.

Prospective changes to the accumulated OCI amounts for the AFS securities portfolio will be driven by further interest rate, credit or price fluctuations (including market value fluctuations associated with our CCB investment), the collection of cash flows including prepayment and maturity activity, and the passage of time. Shares of the Corporation's strategic investment in CCB are carried at a fair value of $14.3 billion and the unrealized gain on this investment of $7.2 billion net-of-tax is subject to currency and price fluctuation, and is recorded in accumulated OCI.

### *Residential Mortgage Portfolio*

During the three months ended March 31, 2008, we purchased $44 million of residential mortgages related to ALM activities compared to purchases of $16.5 billion during the same period in 2007. We also added $12.6 billion and $18.1 billion of originated residential mortgages and we sold $8.4 billion and $11.3 billion of residential mortgages during the three months ended March 31, 2008 and 2007, which included $5.6 billion and $8.0 billion of originated residential mortgages, resulting in gains of $158 million and $122 million. Additionally, we received paydowns of $8.2 billion and $7.3 billion during the three months ended March 31, 2008 and 2007. The ending balance at March 31, 2008 was $266.1 billion compared to $254.8 billion at March 31, 2007.

### *Interest Rate and Foreign Exchange Derivative Contracts*

Interest rate and foreign exchange derivative contracts are utilized in our ALM activities and serve as an efficient tool to mitigate our interest rate and foreign exchange risk. We use derivatives to hedge the variability in cash flows or changes in fair value on our balance sheet due to interest rate and foreign exchange components. For additional information on our hedging activities, see *Note 4 – Derivatives* to the Consolidated Financial Statements.

Our interest rate contracts are generally non-leveraged generic interest rate and foreign exchange basis swaps, options, futures, and forwards. In addition, we use foreign exchange contracts, including cross-currency interest rate swaps and foreign currency forward contracts, to mitigate the foreign exchange risk associated with foreign currency-denominated assets and liabilities, as well as certain equity investments in foreign subsidiaries. Table 33 reflects the notional amounts, fair value, weighted average receive fixed and pay fixed rates, expected maturity, and average estimated duration of our open ALM derivatives at March 31, 2008 and December 31, 2007.

Changes to the composition of our derivatives portfolio during the three months ended March 31, 2008 reflect actions taken for interest rate and foreign exchange rate risk management. The decisions to reposition our derivative portfolio are based upon the current assessment of economic and financial conditions including the interest rate environment, balance sheet composition and trends, and the relative mix of our cash and derivative positions. Our interest rate swap positions (including foreign exchange contracts) changed to a net receive fixed position of $62.2 billion on March 31, 2008 compared to a net receive fixed position of $101.9 billion on December 31, 2007. Changes in the notional levels of our interest rate swap position were driven by the net termination and maturity of $37.8 billion in U.S. dollar denominated receive fixed swaps, and the net termination of $2.0 billion in foreign denominated receive fixed swaps. The notional amount of our foreign exchange basis swaps increased $2.9 billion to $57.5 billion at March 31, 2008 from December 31, 2007. The notional amount of our option position was $140.1 billion at both March 31, 2008 and December 31, 2007.

The following table includes derivatives utilized in our ALM activities, including those designated as SFAS 133 accounting hedges and economic hedges. The fair value of net ALM contracts increased $4.6 billion from a gain of $6.1 billion at December 31, 2007 to a gain of $10.7 billion at March 31, 2008. The increase was primarily attributable to gains from changes in the value of foreign exchange basis swaps of $3.5 billion, U.S. dollar denominated receive fixed interest rate swaps of $1.3 billion and foreign exchange contracts of $501 million. These gains were partially offset by losses from changes in the value of pay fixed interest rate swaps of $486 million and option products of $215 million. The increase in the value of foreign exchange basis swaps was mostly attributable to the strengthening of most foreign currencies against the U.S. dollar during the three months ended March 31, 2008. The increase in the value of U.S. dollar denominated receive fixed interest rate swaps and the decrease in the value of the pay fixed interest rate swaps were due to decreases in interest rates during the three month ended March 31, 2008. Foreign exchange contracts increased in value due to the decrease in foreign interest rates coupled with the continued weakening of the dollar against foreign currencies. The decrease in the value of the option portfolio was attributable to decreases in interest rates during the three months ended March 31, 2008.

*Table 33*
***Asset and Liability Management Interest Rate and Foreign Exchange Contracts***

**March 31, 2008**

| (Dollars in millions, average estimated duration in years) | Fair Value | Expected Maturity: Total | 2008 | 2009 | 2010 | 2011 | 2012 | Thereafter | Average Estimated Duration |
|---|---|---|---|---|---|---|---|---|---|
| Receive fixed interest rate swaps [1, 2] | **$2,315** | | | | | | | | **5.13** |
| Notional amount | | **$44,199** | **$12,067** | **$3,908** | **$3,252** | **$1,630** | **$2,508** | **$20,834** | |
| Weighted average fixed rate | | **4.36 %** | **2.59 %** | **4.16 %** | **4.35 %** | **4.50 %** | **4.88 %** | **5.34 %** | |
| Pay fixed interest rate swaps [1] | **(915)** | | | | | | | | **5.67** |
| Notional amount | | **$11,340** | **$-** | **$-** | **$-** | **$-** | **$1,000** | **$10,340** | |
| Weighted average fixed rate | | **5.04 %** | **- %** | **- %** | **- %** | **- %** | **5.45 %** | **5.00 %** | |
| Foreign exchange basis swaps [2, 3, 4] | **9,634** | | | | | | | | |
| Notional amount | | **$57,461** | **$1,131** | **$4,807** | **$6,197** | **$4,484** | **$9,351** | **$31,491** | |
| Option products [5] | **(370)** | | | | | | | | |
| Notional amount | | **140,124** | **130,000** | **10,000** | **83** | **-** | **-** | **41** | |
| Foreign exchange contracts [2, 4, 6] | **2** | | | | | | | | |
| Notional amount [7] | | **29,119** | **4** | **2,286** | **4,413** | **1,271** | **3,455** | **17,690** | |
| Futures and forward rate contracts | **-** | | | | | | | | |
| Notional amount [7] | | **(200)** | **(200)** | **-** | **-** | **-** | **-** | **-** | |
| **Net ALM contracts** | **$10,666** | | | | | | | | |

December 31, 2007

| (Dollars in millions, average estimated duration in years) | Fair Value | Expected Maturity: Total | 2008 | 2009 | 2010 | 2011 | 2012 | Thereafter | Average Estimated Duration |
|---|---|---|---|---|---|---|---|---|---|
| Receive fixed interest rate swaps [1, 2] | $992 | | | | | | | | 3.70 |
| Notional amount | | $81,965 | $4,869 | $48,908 | $3,252 | $1,630 | $2,508 | $20,798 | |
| Weighted average fixed rate | | 4.34 % | 4.03 % | 3.91 % | 4.35 % | 4.50 % | 4.88 % | 5.34 % | |
| Pay fixed interest rate swaps [1] | (429) | | | | | | | | 5.37 |
| Notional amount | | $11,340 | $- | $- | $- | $- | $1,000 | $10,340 | |
| Weighted average fixed rate | | 5.04 % | - % | - % | - % | - % | 5.45 % | 5.00 % | |
| Foreign exchange basis swaps [2, 3, 4] | 6,164 | | | | | | | | |
| Notional amount | | $54,531 | $2,537 | $4,463 | $5,839 | $4,294 | $8,695 | $28,703 | |
| Option products [5] | (155) | | | | | | | | |
| Notional amount | | 140,114 | 130,000 | 10,000 | 76 | - | - | 38 | |
| Foreign exchange contracts [2, 4, 6] | (499) | | | | | | | | |
| Notional amount [7] | | 31,054 | 1,438 | 2,047 | 4,171 | 1,235 | 3,150 | 19,013 | |
| Futures and forward rate contracts | (3) | | | | | | | | |
| Notional amount [7] | | 752 | 752 | - | - | - | - | - | |
| **Net ALM contracts** | $6,070 | | | | | | | | |

(1) At March 31, 2008 and December 31, 2007, the receive fixed interest rate swap notional that represented forward starting swaps and will not be effective until their respective contractual start dates were $10.0 billion and $45.0 billion. There were no forward starting pay fixed swap positions at March 31, 2008 and December 31, 2007.

(2) Does not include basis adjustments on fixed rate debt issued by the Corporation and hedged under fair value hedge relationships pursuant to SFAS 133 that substantially offset the fair values of these derivatives.

(3) Foreign exchange basis swaps consist of cross-currency variable interest rate swaps used separately or in conjunction with receive fixed interest rate swaps.

(4) Does not include foreign currency translation adjustments on certain foreign debt issued by the Corporation which substantially offset the fair values of these derivatives.

(5) Option products of $140.1 billion at both March 31, 2008 and December 31, 2007 are comprised of $120.1 billion in purchased caps and $20.0 billion in sold floors.

(6) Foreign exchange contracts include foreign-denominated and cross-currency receive fixed interest rate swaps as well as foreign currency forward rate contracts. Total notional was comprised of $29.3 billion in foreign-denominated and cross-currency receive fixed swaps and $173 million in foreign currency forward rate contracts at March 31, 2008, and $31.3 billion in foreign-denominated and cross-currency receive fixed swaps and $211 million in foreign currency forward rate contracts at December 31, 2007.

(7) Reflects the net of long and short positions.

The Corporation uses interest rate derivative instruments to hedge the variability in the cash flows of its assets and liabilities, and other forecasted transactions (cash flow hedges). From time to time, the Corporation also utilizes equity-indexed derivatives accounted for as SFAS 133 cash flow hedges to minimize exposure to price fluctuations on the forecasted purchase or sale of certain equity investments. The net losses on both open and terminated derivative instruments recorded in accumulated OCI, net-of-tax, was $4.7 billion at March 31, 2008. These net losses are expected to be reclassified into earnings in the same period when the hedged cash flows affect earnings and will decrease income or increase expense on the respective hedged cash flows. Assuming no change in open cash flow derivative hedge positions and no changes to prices or interest rates beyond what is implied in forward yield curves at March 31, 2008, the pre-tax net losses are expected to be reclassified into earnings as follows: $1.8 billion, or 24 percent within the next year, 71 percent within five years, and 90 percent within 10 years, with the remaining 10 percent thereafter. For more information on derivatives designated as cash flow hedges, see *Note 4 – Derivatives* to the Consolidated Financial Statements.

The amounts included in accumulated OCI for terminated interest rate derivative contracts were losses of $3.6 billion and $3.8 billion, net-of-tax, at March 31, 2008 and December 31, 2007. Losses on these terminated derivative contracts are reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings.

## Mortgage Banking Risk Management

IRLCs and the related residential first mortgage LHFS are subject to interest rate risk between the date of the IRLC and the date the loans are sold to the secondary market. To hedge interest rate risk, we utilize forward loan sale commitments and other derivative instruments including purchased options. These instruments are used as economic hedges of IRLCs and residential first mortgage LHFS. At March 31, 2008 and December 31, 2007, the notional amount of derivatives economically hedging the IRLCs and residential first mortgage LHFS was $27.8 billion and $18.6 billion. On January 1, 2008, we adopted SAB 109 which resulted in the recognition of $90 million in incremental mortgage banking income. For more information on the adoption of SAB 109, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements.

We manage changes in the value of MSRs by entering into derivative financial instruments. MSRs are a nonfinancial asset created when the underlying mortgage loan is sold to investors and we retain the right to service the loan. We use certain derivatives such as options and interest rate swaps as economic hedges of MSRs. At March 31, 2008 and December 31, 2007, the amount of MSRs identified as being hedged by derivatives was approximately $3.2 billion and $3.1 billion. The notional amount of the derivative contracts designated as economic hedges of MSRs at March 31, 2008 and December 31, 2007 was $106.8 billion and $69.0 billion. For additional information on MSRs see *Note 15 – Mortgage Servicing Rights* to the Consolidated Financial Statements.

## Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, including system conversions and integration, and external events. Successful operational risk management is particularly important to diversified financial services companies because of the nature, volume and complexity of the financial services business.

We approach operational risk from two perspectives: corporate-wide and line of business-specific. The Compliance and Operational Risk Committee provides oversight of significant corporate-wide operational and compliance issues. Within Global Risk Management, Enterprise Operational Risk Management develops policies, practices, controls and monitoring tools for assessing and managing operational risks across the Corporation. We also mitigate operational risk through a broad-based approach to process management and process improvement. Improvement efforts are focused on reduction of variation in outputs. We have a dedicated Quality and Productivity team to manage and certify the process management and improvement efforts. For selected risks, we use specialized support groups, such as Information Security and Supply Chain Management, to develop corporate-wide risk management practices, such as an information security program and a supplier program to ensure that suppliers adopt appropriate policies and procedures when performing work on behalf of the Corporation. These specialized groups also assist the lines of business in the development and implementation of risk management practices specific to the needs of the individual businesses. These groups also work with line of business executives and risk executives to develop appropriate policies, practices, controls and monitoring tools for each line of business. Through training and communication efforts, compliance and operational risk awareness is driven across the Corporation.

The lines of business are responsible for all the risks within the business line, including operational risks. Operational and Compliance Risk executives, working in conjunction with senior line of business executives, have developed key tools to help identify, measure, mitigate and monitor operational risk in each business line. Examples of these include personnel management practices, data reconciliation processes, fraud management units, transaction processing monitoring and analysis, business recovery planning and new product introduction processes. In addition, the lines of business are responsible for monitoring adherence to corporate practices. Line of business management uses a self-assessment process, which helps to identify and evaluate the status of risk and control issues, including mitigation plans, as appropriate. The goal of the self-assessment process is to periodically assess changing market and business conditions, to evaluate key operational risks impacting each line of business, and assess the controls in place to mitigate the risks. In addition to information gathered from the self-assessment process, key operational risk indicators have been developed and are used to help identify trends and issues on both a corporate and a line of business level.

## Recent Accounting and Reporting Developments

In recent meetings, the FASB tentatively decided to amend SFAS 140 which would impact the accounting for QSPEs and make certain changes to FIN 46R. An exposure draft of the proposed requirements is expected later this year. Based on the preliminary discussions and tentative decisions, and assuming no changes to the Corporation's current product offerings, it is possible that these changes may lead to the consolidation of certain QSPEs and VIEs, including corporation-sponsored multi-seller conduits. These consolidations may result in an increase in outstanding loans and on-balance sheet funding, higher provision and allowance for credit losses as well as changes in the timing of recognition and location of where items are classified on our income statement. In addition, regulatory capital amounts and ratios may be negatively impacted based on the outcome of the FASB's decisions. However, the impact on the Corporation cannot be determined until the FASB passes the final amendments to SFAS 140 and FIN 46R.

See *Note 1—Summary of Significant Accounting Principles* to the Consolidated Financial Statements for a further discussion of recently issued accounting pronouncements.

## Complex Accounting Estimates

Our significant accounting principles, as described in *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2007 Annual Report on Form 10-K, are essential in understanding the MD&A. Many of our significant accounting principles require complex judgments to estimate values of assets and liabilities. We have procedures and processes to facilitate making these judgments. For a complete discussion of our more judgmental and complex accounting estimates, see Complex Accounting Estimates on pages 68 through 71 of the MD&A of the Corporation's 2007 Annual Report on Form 10-K.

## Glossary

**Assets in Custody** – Consist largely of custodial and non-discretionary trust assets administered for customers excluding brokerage assets. Trust assets encompass a broad range of asset types including real estate, private company ownership interest, personal property and investments.

**Assets Under Management (AUM) –** The total market value of assets under the investment advisory and discretion of *Global Wealth and Investment Management* which generate asset management fees based on a percentage of the assets' market value. AUM reflects assets that are generally managed for institutional, high net-worth and retail clients and are distributed through various investment products including mutual funds, other commingled vehicles and separate accounts.

**Bridge Loan** – A loan or security which is expected to be replaced by permanent financing (debt or equity securities, loan syndication or asset sales) prior to the maturity date of the loan. Bridge loans may include an unfunded commitment, as well as funded amounts, and are generally expected to be retired in one year or less.

**CDOs-Squared** - A type of CDO where the underlying collateralizing securities include tranches of other CDOs.

**Client Brokerage Assets** – Include client assets which are held in brokerage accounts. This includes non-discretionary brokerage and fee-based assets which generate brokerage income and asset management fee revenue.

**Committed Credit Exposure** – Committed credit exposure includes any funded portion of a facility plus the unfunded portion of a facility on which the Corporation is legally bound to advance funds during a specified period under prescribed conditions.

**Core Net Interest Income - Managed Basis –** Net interest income on a fully taxable-equivalent basis excluding the impact of market-based activities and certain securitizations.

**Credit Default Swaps (CDS)** – A derivative contract that provides protection against the deterioration of credit quality and would allow one party to receive payment in the event of default by a third party under a borrowing arrangement.

**Derivative** – A contract or agreement whose value is derived from changes in an underlying index such as interest rates, foreign exchange rates or prices of securities. Derivatives utilized by the Corporation include swaps, financial futures and forward settlement contracts, and option contracts.

**Excess Servicing Income** – For certain assets that have been securitized, interest income, fee revenue and recoveries in excess of interest paid to the investors, gross credit losses and other trust expenses related to the securitized receivables are all reclassified into excess servicing income, which is a component of card income. Excess servicing income also includes the changes in fair value of the Corporation's card related retained interests.

**Interest-only (IO) Strip** – A residual interest in a securitization trust representing the right to receive future net cash flows from securitized assets after payments to third party investors and net credit losses. These arise when assets are transferred to a special purpose entity as part of an asset securitization transaction qualifying for sale treatment under GAAP.

**Interest Rate Lock Commitments (IRLCs)** – Commitment with a loan applicant in which the loan terms, including interest rate, are guaranteed for a designated period of time subject to credit approval.

**Letter of Credit** – A document issued by the Corporation on behalf of a customer to a third party promising to pay that third party upon presentation of specified documents. A letter of credit effectively substitutes the Corporation's credit for that of the Corporation's customer.

**Managed Basis –** Managed basis assumes that securitized loans were not sold and presents earnings on these loans in a manner similar to the way loans that have not been sold (i.e., held loans) are presented. Noninterest income, both on a held and managed basis, also includes the impact of adjustments to the interest-only strip that are recorded in card income.

**Managed Net Losses** – Represents net charge-offs on held loans combined with realized credit losses associated with the securitized loan portfolio.

**Mortgage Servicing Right (MSR)** – The right to service a mortgage loan when the underlying loan is sold or securitized. Servicing includes collections for principal, interest and escrow payments from borrowers and accounting for and remitting principal and interest payments to investors.

**Net Interest Yield** – Net interest income divided by average total interest-earning assets.

**Operating Basis** – A basis of presentation not defined by GAAP that excludes merger and restructuring charges.

**Qualified Special Purpose Entity (QSPE)** – A special purpose entity whose activities are strictly limited to holding and servicing financial assets and meet the requirements set forth in SFAS 140. A qualified special purpose entity is generally not required to be consolidated by any party.

**Return on Average Common Shareholders' Equity (ROE)** – Measures the earnings contribution of a unit as a percentage of the shareholders' equity allocated to that unit.

**Return on Average Tangible Shareholders' Equity (ROTE)** – Measures the earnings contribution of a unit as a percentage of the shareholders' equity allocated to that unit reduced by allocated goodwill.

**Securitize / Securitization** – A process by which financial assets are sold to a special purpose entity, which then issues securities collateralized by those underlying assets, and the return on the securities issued is based on the principal and interest cash flow of the underlying assets.

**Structured Investment Vehicle (SIV)** – An entity that issues short duration debt and uses the proceeds from the issuance to purchase longer-term fixed income securities.

**Unrecognized Tax Benefit (UTB)** – The difference between the benefit recognized for a tax position in accordance with FIN 48, which is measured as the largest dollar amount of that position that is more-likely-than-not to be sustained upon settlement, and the tax benefit claimed on a tax return.

**Value-at-Risk (VAR)** – A VAR model estimates a range of hypothetical scenarios to calculate a potential loss which is not expected to be exceeded with a specified confidence level. VAR is a key statistic used to measure and manage market risk.

**Variable Interest Entities (VIE)** – A term defined by FIN 46R for an entity whose equity investors do not have a controlling financial interest. The entity may not have sufficient equity at risk to finance its activities without additional subordinated financial support from third parties. The equity investors may lack the ability to make significant decisions about the entity's activities, or they may not absorb the losses or receive the residual returns generated by the assets and other contractual arrangements of the VIE. The entity that will absorb a majority of expected variability (the sum of the absolute values of the expected losses and expected residual returns) consolidates the VIE and is referred to as the primary beneficiary.

Table of Contents

| *Accounting Pronouncements* | |
|---|---|
| **SFAS 52** | Foreign Currency Translation |
| **SFAS 109** | Accounting for Income Taxes |
| **SFAS 133** | Accounting for Derivative Instruments and Hedging Activities, as amended |
| **SFAS 140** | Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125 |
| **SFAS 142** | Goodwill and Other Intangible Assets |
| **SFAS 157** | Fair Value Measurements |
| **SFAS 159** | The Fair Value Option for Financial Assets and Financial Liabilities |
| **FIN 46R** | Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51 |
| **FIN 48** | Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 |
| **SAB 109** | Written Loan Commitments Recorded at Fair Value Through Earnings |
| **FSP 13-2** | Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction |
| **SOP 03-3** | Accounting for Certain Loans or Debt Securities Acquired in a Transfer |

| *Acronyms* | |
|---|---|
| **ABS** | Asset-backed securities |
| **AFS** | Available-for-sale |
| **AICPA** | American Institute of Certified Public Accountants |
| **ALCO** | Asset and Liability Committee |
| **ALM** | Asset and liability management |
| **CDO** | Collateralized debt obligation |
| **CLO** | Collateralized loan obligation |
| **CMBS** | Commercial mortgage-backed securities |
| **CRC** | Credit Risk Committee |
| **EPS** | Earnings per common share |
| **FASB** | Financial Accounting Standards Board |
| **FDIC** | Federal Deposit and Insurance Corporation |
| **FFIEC** | Federal Financial Institutions Examination Council |
| **FIN** | Financial Accounting Standards Board Interpretation |
| **FRB** | Board of Governors of the Federal Reserve System |
| **FSP** | Financial Accounting Standards Board Staff Position |
| **FTE** | Fully taxable-equivalent |
| **GAAP** | Generally accepted accounting principles in the United States |
| **GRC** | Global Markets Risk Committee |
| **IPO** | Initial public offering |
| **LHFS** | Loans held-for-sale |
| **LIBOR** | London InterBank Offered Rate |
| **MD&A** | Management's Discussion and Analysis of Financial Condition and Results of Operations |
| **OCC** | Office of the Comptroller of the Currency |
| **OCI** | Other comprehensive income |
| **SBLCs** | Standby letters of credit |
| **SEC** | Securities and Exchange Commission |
| **SFAS** | Financial Accounting Standards Board Statement of Financial Accounting Standards |
| **SOP** | American Institute of Certified Public Accountants Statement of Position |
| **SPE** | Special purpose entity |

## Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Management beginning on page 119 and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

## Item 4. CONTROLS AND PROCEDURES

***Evaluation of disclosure controls and procedures***

The Corporation's disclosure controls and procedures are designed to ensure that information required to be disclosed under the Exchange Act securities laws is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer.

As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the Exchange Act), the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of the Corporation's disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that the Corporation's disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed by the Corporation, within the time periods specified in the Securities and Exchange Commission's rules and forms.

***Changes in internal controls***

In addition and as of the end of the period covered by this report, there have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter to which this report relates that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

# Part II. OTHER INFORMATION

## Item 1. Legal Proceedings

See *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements for litigation and regulatory disclosure that supplements the disclosure in the Corporation's 2007 Annual Report on Form 10-K.

## Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in the Corporation's 2007 Annual Report on Form 10-K.

[Table of Contents](#)

## Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds

The table below presents share repurchase activity for the three months ended March 31, 2008 and 2007, including total common shares repurchased under announced programs, weighted average per share price and the remaining buyback authority under announced programs. For additional information on shareholders' equity and earnings per common share, see *Note 12 – Shareholders' Equity and Earnings Per Common Share* to the Consolidated Financial Statements.

| (Dollars in millions, except per share information; shares in thousands) | Common Shares Repurchased (1) | Weighted Average Per Share Price | Remaining Buyback Authority (2) | |
|---|---|---|---|---|
| | | | Amounts | Shares |
| **January 1 - 31, 2008** | **-** | **-** | **$13,480** | **189,358** |
| **February 1 - 29, 2008** | **-** | **-** | **13,480** | **189,358** |
| **March 1 - 31, 2008** | **-** | **-** | **13,480** | **189,358** |
| **Three months ended March 31, 2008** | **-** | **-** | | |

| (Dollars in millions, except per share information; shares in thousands) | Common Shares Repurchased (3) | Weighted Average Per Share Price | Remaining Buyback Authority (2) | |
|---|---|---|---|---|
| | | | Amounts | Shares |
| January 1 - 31, 2007 | 11,800 | $53.17 | $18,246 | 251,288 |
| February 1 - 28, 2007 | 17,750 | 53.04 | 17,304 | 233,538 |
| March 1 - 31, 2007 | 18,450 | 50.86 | 16,366 | 215,088 |
| Three months ended March 31, 2007 | 48,000 | 52.23 | | |

(1) There were no share repurchases during the three months ended March 31, 2008.

(2) On January 24, 2007, the Board of Directors (the Board) authorized a stock repurchase program of up to 200 million shares of the Corporation's common stock at an aggregate cost not to exceed $14.0 billion. This stock repurchase program will expire in the third quarter of 2008. On April 26, 2006, the Board authorized a stock repurchase program of up to 200 million shares of the Corporation's common stock at an aggregate cost not to exceed $12.0 billion and to be completed within a period of 12 to 18 months. This stock repurchase plan was completed during the third quarter of 2007.

(3) Reduced shareholders' equity by $2.5 billion and increased diluted earnings per common share by less than $0.01 for the three months ended March 31, 2007. These repurchases were partially offset by the issuance of approximately 28.9 million shares of common stock under employee plans, which increased shareholders' equity by $1.1 billion, net of $401 million of deferred compensation related to restricted stock awards, and decreased diluted earnings per common share by $0.01 for the three months ended March 31, 2007.

## Item 6. Exhibits

| | |
|---|---|
| Exhibit 3(a) | Amended and Restated Certificate of Incorporation of the Registrant, as in effect on the date hereof |
| Exhibit 3(b) | Amended and Restated Bylaws of the Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed January 24, 2007 |
| Exhibit 4(a) | Certificate of Designations of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, of the Registrant, included in Exhibit 3(a) hereof |
| Exhibit 4(b) | Certificate of Designations of 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, of the Registrant, included in Exhibit 3(a) hereof |
| Exhibit 4(c) | Certificate of Designations of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, of the Registrant, included in Exhibit 3(a) hereof |
| Exhibit 11 | Earnings Per Share Computation - included in *Note 12 – Shareholders' Equity and Earnings Per Common Share* to the Consolidated Financial Statements |
| Exhibit 12 | Ratio of Earnings to Fixed Charges<br>Ratio of Earnings to Fixed Charges and Preferred Dividends |
| Exhibit 31(a) | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 31(b) | Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32(a) | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32(b) | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

## SIGNATURE

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.

**Bank of America Corporation**
Registrant

Date: May 8, 2008

/s/ Neil A. Cotty
Neil A. Cotty
Chief Accounting Officer
(Duly Authorized Officer)

Table of Contents

# Bank of America Corporation

**Form 10-Q**

**Index to Exhibits**

| Exhibit | Description |
|---|---|
| 3(a) | Amended and Restated Certificate of Incorporation of the Registrant, as in effect on the date hereof |
| 3(b) | Amended and Restated Bylaws of the Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed January 24, 2007 |
| 4(a) | Certificate of Designations of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, of the Registrant, included in Exhibit 3(a) hereof |
| 4(b) | Certificate of Designations of 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, of the Registrant, included in Exhibit 3(a) hereof |
| 4(c) | Certificate of Designations of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, of the Registrant, included in Exhibit 3(a) hereof |
| 11 | Earnings Per Share Computation - included in Note 12 –*Shareholders' Equity and Earnings Per Common Share* to the Consolidated Financial Statements |
| 12 | Ratio of Earnings to Fixed Charges<br>Ratio of Earnings to Fixed Charges and Preferred Dividends |
| 31(a) | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31(b) | Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32(a) | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32(b) | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

**Exhibit 3(a)**

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
BANKAMERICA CORPORATION

BankAmerica Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies that (i) the Certificate of Incorporation of the Corporation was originally filed on July 31, 1998, (ii) the Corporation was originally incorporated under the name "NationsBank (DE) Corporation," which name was changed to "NationsBank Corporation" on September 25, 1998 and to "BankAmerica Corporation" on September 30, 1998, (iii) this Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and (iv) the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

1. The name of the Corporation is Bank of America Corporation.

2. The purposes for which the Corporation is organized are to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

3. The number of shares, par value $.01 per share, the Corporation is authorized to issue is Five Billion One Hundred Million (5,100,000,000), divided into the following classes:

| Class | Number of Shares |
|---|---|
| Common | 5,000,000,000 |
| Preferred | 100,000,000 |

The class of common ("Common Stock") has unlimited voting rights and, after satisfaction of claims, if any, of the holders of preferred shares, is entitled to receive the net assets of the Corporation upon distribution.

The Board of Directors of the Corporation shall have full power and authority to establish one or more series within the class of preferred shares (the "Preferred Shares"), to define the designations, preferences, limitations and relative rights (including conversion rights) of shares within such class and to determine all variations between series.

The Board of Directors of the Corporation has designated, established and authorized the following series of Preferred Shares:

(a) 7% Cumulative Redeemable Preferred Stock, Series B.

A. Designation.

The designation of this series is “7% Cumulative Redeemable Preferred Stock, Series B” (hereinafter referred to as the “Series B Preferred Stock”) and the number of shares constituting such series is Thirty-Five Thousand Forty-Five (35,045). Shares of Series B Preferred Stock shall have a stated value of $100.00 per share.

B. Dividends.

The holders of record of the shares of the Series B Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation, out of any funds legally available for such purpose, cumulative cash dividends at an annual dividend rate per share of 7% of the stated value thereof, which amount is $7.00 per annum, per share, and no more. Such dividends shall be payable each calendar quarter at the rate of $1.75 per share on such dates as shall be fixed by resolution of the Board of Directors of the Corporation. The date from which dividends on such shares shall be cumulative shall be the first day after said shares are issued. Accumulations of dividends shall not bear interest. No cash dividend shall be declared, paid or set apart for any shares of Common Stock unless all dividends on all shares of the Series B Preferred Stock at the time outstanding for all past dividend periods and for the then current dividend shall have been paid, or shall have been declared and a sum sufficient for the payment thereof, shall have been set apart. Subject to the foregoing provisions of this paragraph B, cash dividends or other cash distributions as may be determined by the Board of Directors of the Corporation may be declared and paid upon the shares of the Common Stock of the Corporation from time to time out of funds legally available therefor, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such cash dividend or other such cash distribution so declared and paid or made on such shares of Common Stock.

C. Redemption.

From and after October 31, 1988, any holder may, by written request, call upon the Corporation to redeem all or any part of said holder’s shares of said Series B Preferred Stock at a redemption price of $100.00 per share plus accumulated unpaid dividends to the date said request for redemption is received by the Corporation and no more (the “Redemption Price”). Any such request for redemption shall be accompanied by the certificates for which redemption is requested, duly endorsed or with appropriate stock power attached, in either case with signature guaranteed. Upon receipt by the Corporation of any such request for redemption from any holder of the Series B Preferred Stock, the Corporation shall forthwith redeem said stock at the

Redemption Price, provided that: (i) full cumulative dividends have been paid or declared and set apart for payment upon all shares of any series of preferred stock ranking superior to the Series B Preferred Stock as to dividends or other distributions (collectively the "Superior Stock"); and (ii) the Corporation is not then in default or in arrears with respect to any sinking or analogous fund or call for tenders obligation or agreement for the purchase, redemption or retirement of any shares of Superior Stock. In the event that, upon receipt of a request for redemption, either or both of the conditions set forth in clauses (i) and (ii) above are not met, the Corporation shall forthwith return said request to the submitting shareholder along with a statement that the Corporation is unable to honor such request and explanation of the reasons therefor. From and after the receipt by the Corporation of a request for redemption from any holder of said Series B Preferred Stock, which request may be honored consistent with the foregoing provisions, all rights of such holder in the Series B Preferred Stock for which redemption is requested shall cease and terminate, except only the right to receive the Redemption Price thereof, but without interest.

D. Liquidation Preference.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series B Preferred Stock shall be entitled to receive, subject to the provisions of paragraph G and before any payment shall be made to the holders of the shares of Common Stock, the amount of $100.00 per share, plus accumulated dividends. After payment to the holders of the Series B Preferred Stock of the full amount as aforesaid, the holders of the Series B Preferred Stock as such shall have no right or claim to any of the remaining assets which shall be distributed ratably to the holders of the Common Stock. If, upon any such liquidation, dissolution or winding up, the assets available therefor are not sufficient to permit payments to the holders of Series B Preferred Stock of the full amount as aforesaid, then subject to the provisions of paragraph G, the holders of the Series B Preferred Stock then outstanding shall share ratably in the distribution of assets in accordance with the sums which would be payable if such holders were to receive the full amounts as aforesaid.

E. Sinking Fund.

There shall be no sinking fund applicable to the shares of Series B Preferred Stock.

F. Conversion.

The shares of Series B Preferred Stock shall not be convertible into any shares of Common Stock or any other class of shares, nor exchanged for any shares of Common Stock or any other class of shares.

G. Superior Stock.

The Corporation may issue stock with preferences superior or equal to the shares of the Series B Preferred Stock without the consent of the holders thereof.

H. Voting Rights.

Each share of the Series B Preferred Stock shall be entitled to equal voting rights, share for share, with each share of the Common Stock.

(b) ESOP Convertible Preferred Stock, Series C.

The shares of the ESOP Convertible Preferred Stock, Series C, of the Corporation shall be designated "ESOP Convertible Preferred Stock, Series C," and the number of shares constituting such series shall be 3,000,000. The ESOP Convertible Preferred Stock, Series C, shall hereinafter be referred to as the "ESOP Preferred Stock."

A. Special Purpose Restricted Transfer Issue.

Shares of ESOP Preferred Stock shall be issued only to a trustee acting on behalf of an employee stock ownership plan or other employee benefit plan of the Corporation or any subsidiary of the Corporation. In the event of any transfer of shares of ESOP Preferred Stock to any person other than any such plan trustee or the Corporation, the shares of ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock on the terms otherwise provided for the conversion of shares of ESOP Preferred Stock into shares of Common Stock pursuant to paragraph E hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of ESOP Preferred Stock shall be so converted. Certificates representing shares of ESOP Preferred Stock shall be legended to reflect such restrictions on transfer. Notwithstanding the foregoing provisions of this paragraph A, shares of ESOP Preferred Stock (i) may be converted into shares of Common Stock as provided by paragraph E hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by paragraphs F, G and H hereof.

B. Dividends and Distributions.

(1) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of ESOP Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") in an amount equal to $3.30 per share per annum, and no more, payable semi-annually, one-half on the first day of January and one-half on the first day of July of each year (each a "Dividend Payment Date") to holders of record at the

start of business on such Dividend Payment Date. Preferred Dividends shall accrue on a daily basis whether or not the Corporation shall have earnings or surplus at the time, but Preferred Dividends on the shares of ESOP Preferred Stock for any period less than a full semi-annual period between Dividend Payment Dates shall be computed on the basis of a 360-day year of 30-day months. Accumulated but unpaid Preferred Dividends shall accumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(2) So long as any ESOP Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the ESOP Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the ESOP Preferred Stock, like dividends for all dividend payment periods of the ESOP Preferred Stock ending on or before the dividend payment date of such parity stock, ratably in proportion to the respective amounts of dividends accumulated and unpaid through such dividend payment period on the ESOP Preferred Stock and accumulated and unpaid or payable on such parity stock through the dividend payment period on such parity stock next preceding such Dividend Payment Date. In the event that full cumulative dividends on the ESOP Preferred Stock have not been declared and paid or set apart for payment when due, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of any other class of stock or series thereof of the Corporation ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock until full cumulative dividends on the ESOP Preferred Stock shall have been paid or declared and provided for; provided, however, that the foregoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends or as to distributions in the event of the liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock, or (ii) the acquisition of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock either (A) pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted or (B) in exchange solely for shares of any other stock ranking junior to the ESOP Preferred Stock.

C. Voting Rights.

The holders of shares of ESOP Preferred Stock shall have the following voting rights:

(1) The holders of ESOP Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of

Common Stock as one class. Each share of the ESOP Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of ESOP Preferred Stock could be converted on the record date for determining the shareholders entitled to vote, rounded to the nearest whole vote; it being understood that whenever the “Conversion Ratio” (as defined in paragraph E hereof) is adjusted as provided in paragraph I hereof, the voting rights of the ESOP Preferred Stock shall also be similarly adjusted.

(2) Except as otherwise required by the General Corporation Law of the State of Delaware or set forth in paragraph C(l), holders of ESOP Preferred Stock shall have no special voting rights and their consent shall not be required for the taking of any corporate action.

D. Liquidation, Dissolution or Winding-Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of ESOP Preferred Stock shall be entitled to receive out of the assets of the Corporation which remain after satisfaction in full of all valid claims of creditors of the Corporation and which are available for payment to shareholders and subject to the rights of the holders of any stock of the Corporation ranking senior to or on a parity with the ESOP Preferred Stock in respect of distributions upon liquidation, dissolution or winding-up of the Corporation, before any amount shall be paid or distributed among the holders of Common Stock or any other shares ranking junior to the ESOP Preferred Stock in respect of the distributions upon liquidation, dissolution or winding-up of the Corporation, liquidating distributions in the amount of $42.50 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding-up of the Corporation, the amounts payable with respect to the ESOP Preferred Stock and any other stock ranking as to any such distribution on a parity with the ESOP Preferred Stock are not paid in full, the holders of the ESOP Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph D(l), the holders of shares of ESOP Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(2) Neither the merger or consolidation of the Corporation with or into any other corporation, nor the merger or consolidation of any other corporation with or into the Corporation, nor the sale, transfer or lease of all or any portion of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding-up of the affairs of the Corporation for purposes of this paragraph D, but the holders of ESOP Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by paragraph H hereof.

(3) Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of ESOP Preferred Stock in such circumstances shall be payable, shall be given by first-class mail, postage prepaid, mailed not less than twenty (20) days prior to any payment date stated therein, to the holders of ESOP Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock.

E. Conversion into Common Stock.

(1) A holder of shares of ESOP Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to paragraph F, G or H hereof, to cause any or all of such shares to be converted into shares of Common Stock at a conversion rate equal to the ratio of 1.0 share of ESOP Preferred Stock to 1.68 shares of Common Stock (as adjusted as hereinafter provided, the "Conversion Ratio"). The Conversion Ratio set forth above is subject to adjustment pursuant to this Certificate of Incorporation.

(2) Any holder of shares of ESOP Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of ESOP Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the ESOP Preferred Stock by the Corporation or the transfer agent for the ESOP Preferred Stock, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of ESOP Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of ESOP Preferred Stock not to be so converted to be issued, and (ii) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion.

(3) Upon surrender of a certificate representing a share or shares of ESOP Preferred Stock for conversion, the Corporation shall issue and send by hand delivery (with receipt to be acknowledged) or by first-class mail, postage prepaid, to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of ESOP Preferred Stock, only part of which are to be converted, the Corporation shall issue and deliver to such holder or such holder's designee a new certificate or certificates representing the number of shares of ESOP Preferred Stock which shall not have been converted.

(4) The issuance by the Corporation of shares of Common Stock upon a conversion of shares of ESOP Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificate or certificates representing the shares of Common Stock issued upon conversion thereof or (ii) the commencement of business on the second business day after the surrender of the certificate or certificates for the shares of ESOP Preferred Stock to be converted, duly assigned or endorsed for transfer to the corporation (or accompanied by duly executed stock powers relating thereto) as provided hereby. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Corporation shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of ESOP Preferred Stock on a Dividend Payment Date if such Dividend Payment Date for such dividend shall coincide with or be on or subsequent to the effective date of conversion of such shares.

(5) The Corporation shall not be obligated to deliver to holders of ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(6) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all shares of ESOP Preferred Stock then outstanding. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration or qualification of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of ESOP Preferred Stock such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of ESOP Preferred Stock then outstanding and convertible into shares of Common Stock.

F. Redemption At the Option of the Corporation.

(1) The ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Corporation at any time, at a redemption price per share (except as to redemption pursuant to paragraph F(3)) of $42.83 prior to July 1, 1999 and $42.50 thereafter, plus, in each case, an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Payment of the redemption price shall be made by the Corporation

in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph F(5). From and after the date fixed for redemption, dividends on shares of ESOP Preferred Stock called for redemption will cease to accrue, such shares will no longer be deemed to be outstanding and all rights in respect of such shares of the Corporation shall cease, except the right to receive the redemption price. If less than all of the outstanding shares of ESOP Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of each holder determined pro rata based on the number of shares held by each holder or shall select the shares to be redeemed by lot, as may be determined by the Board of Directors of the Corporation.

(2) Unless otherwise required by law, notice of redemption will be sent to the holders of ESOP Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock by first-class mail, postage prepaid, mailed not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised, and the Conversion Ratio and number of shares of Common Stock issuable upon conversion of a share of ESOP Preferred Stock at the time. These notice provisions may be supplemented if necessary in order to comply with optional redemption provisions for preferred stock which may be required under the Internal Revenue Code of 1986, as amended, or the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Upon surrender of the certificates for any shares so called for redemption and not previously converted (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the date fixed for redemption and at the applicable redemption price set forth in this paragraph F.

(3) In the event of a change in the federal tax law of the United States of America which has the effect of precluding the Corporation from claiming any of the tax deductions for dividends paid on the ESOP Preferred Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended and in effect on the date shares of ESOP Preferred Stock are initially issued, the Corporation may, within 180 days following the effective date of such tax legislation and implementing regulations of the Internal Revenue Service, if any, in its sole discretion and notwithstanding anything to the contrary in paragraph F(l), elect to redeem any or all such shares for the amount payable in respect of the shares upon liquidation of the Corporation pursuant to paragraph D.

(4) In the event the C&S/Sovran Retirement Savings, ESOP and Profit Sharing Plan (as amended, together with any successor plan, the "Plan") is terminated, the Corporation shall, notwithstanding anything to the contrary in paragraph F(l), redeem all shares of ESOP Preferred Stock for the amount payable in respect of the shares upon redemption of the ESOP Preferred Stock pursuant to paragraph F(1) hereof.

(5) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such shares and cash, any such shares to be valued for such purpose at their Fair Market Value (as defined in paragraph I(7) hereof).

G. Other Redemption Rights.

Shares of ESOP Preferred Stock shall be redeemed by the Corporation at a price which is the greater of the Conversion Value (as defined in paragraph I) of the ESOP Preferred Stock on the date fixed for redemption or a redemption price of $42.50 per share plus accrued and unpaid dividends thereon to the date fixed for redemption, for shares of Common Stock (any such shares of Common Stock to be valued for such purpose as provided by paragraph F(5) hereof), at the option of the holder, at any time and from time to time upon notice to the Corporation given not less than five (5) business days prior to the date fixed by the Corporation in such notice for such redemption, when and to the extent necessary (i) to provide for distributions required to be made under, or to satisfy an investment election provided to participants in accordance with, the Plan to participants in the Plan or (ii) to make payment of principal, interest or premium due and payable (whether as scheduled or upon acceleration) on any indebtedness incurred by the holder or Trustee under the Plan for the benefit of the Plan.

H. Consolidation, Merger, etc.

(1) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting company (including the Corporation and any company that directly or indirectly owns all of the outstanding capital stock of such successor or resulting company) that constitutes "qualifying employer securities" with respect to a holder of ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of ERISA, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of ESOP Preferred Stock of such holder shall be assumed by and shall become preferred stock of such successor or resulting company, having in respect of such company insofar as possible the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by paragraphs F, G and H hereof), and the qualifications,

limitations or restrictions thereon, that the ESOP Preferred Stock had immediately prior to such transaction, except that after such transaction each share of the ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by paragraph E hereof, into the qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property (other than such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares) receivable upon such transaction (provided that, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount of qualifying employer securities receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non- electing shares). The rights of the ESOP Preferred Stock as preferred stock of such successor or resulting company shall successively be subject to adjustments pursuant to paragraph I hereof after any such transaction as nearly equivalent to the adjustments provided for by such paragraph prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of the ESOP Preferred Stock shall be assumed and authorized by the successor or resulting company as aforesaid.

(2) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph H(l)) and cash payments, if applicable, in lieu of fractional shares, all outstanding shares of ESOP Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to paragraph H(3)), be deemed converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted at such time, and each share of ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock,

securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(3) In the event the Corporation shall enter into any agreement providing for any consolidation or merger or similar transaction described in paragraph H(2), then the Corporation shall as soon as practicable thereafter (and in any event at least ten (10) business days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such ESOP Preferred Stock, a cash payment equal to the amount payable in respect of shares of ESOP Preferred Stock upon redemption pursuant to paragraph F(l) hereof. No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction.

I. Anti-dilution Adjustments.

(1) In the event the Corporation shall, at any time or from time to time while any of the shares of the ESOP Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which paragraph H hereof does not apply) or otherwise, the Conversion Ratio in effect immediately prior to such action shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which is the number of shares of Common Stock outstanding immediately before such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph I(1) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of shareholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(2) In the event that the Corporation shall, at any time or from time to time while any of the shares of ESOP Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Corporation, any right or

warrant to purchase shares of Common Stock (but not including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) at a purchase price per share less than the Fair Market Value (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then, subject to the provisions of paragraphs I(5) and I(6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon exercise in full of all such rights and warrants.

(3) In the event the Corporation shall, at any time and from time to time while any of the shares of ESOP Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) and other than pursuant to any dividend reinvestment plan or employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Fair Market Value of such shares on the date of such issuance, sale or exchange, then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation. In the event the Corporation shall, at any time or from time to time while any shares of ESOP Preferred Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock), other than any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) and other than pursuant to any dividend reinvestment

plan or employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted, for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount (as hereinafter defined), then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be the sum of (a) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (b) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such right or warrant plus (c) the Fair Market Value at the time of such issuance of the consideration which the Corporation would receive upon exercise in full of all such rights or warrants, and the denominator of which shall be the product of (a) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (b) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of Common Stock could be acquired pursuant to such right or warrant at such time).

(4) In the event the Corporation shall, at any time or from time to time while any of the shares of ESOP Preferred Stock are outstanding, make any Extraordinary Distribution (as hereinafter defined) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Corporation (including a recapitalization or reclassification effected by a merger or consolidation to which paragraph H hereof does not apply) or effect a Pro Rata Repurchase (as hereinafter defined) of Common Stock, the Conversion Ratio in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs I(5) and (6), be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be (a) the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (ii) the Fair Market Value (as herein defined) of a share of Common Stock on the Valuation Date (as hereinafter defined) with respect to an Extraordinary Distribution, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase, or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be, minus (b) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation multiplied by (ii) the Fair Market Value of a share of Common Stock on the record date with respect to an

Extraordinary Distribution or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be. The Corporation shall send each holder of ESOP Preferred Stock (x) notice of its intent to make any Extraordinary Distribution and (y) notice of any offer by the Corporation to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer, as well as the Conversion Ratio and the number of shares of Common Stock into which a share of ESOP Preferred Stock may be converted at such time.

(5) Notwithstanding any other provisions of this paragraph I, the Corporation shall not be required to make any adjustment of the Conversion Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Ratio. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Ratio.

(6) If the Corporation shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security of the Corporation or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Ratio pursuant to the foregoing provisions of this paragraph I, the Board of Directors of the Corporation shall consider whether such action is of such a nature that an adjustment to the Conversion Ratio should equitably be made in respect of such transaction. If in such case the Board of Directors of the Corporation determines that the adjustment to the Conversion Ratio should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Corporation. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Conversion Ratio should be made pursuant to the foregoing provisions of this paragraph I(6), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all shareholders of the Corporation. The Corporation shall be entitled to make such additional adjustments in the Conversion Ratio, in addition to those required by the foregoing provisions of this paragraph I, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to holders of the Common Stock.

(7) For purposes of this paragraph I, the following definitions shall apply:

"Conversion Value" shall mean the Fair Market Value of the aggregate number of shares of Common Stock into which a share of ESOP Preferred Stock is convertible.

"Extraordinary Distribution" shall mean any dividend or other distribution (effected while any of the shares of ESOP Preferred Stock are outstanding) (a) of cash, where the aggregate amount of such cash dividend and distribution together with the amount of all cash dividends and distributions made during the preceding period of 12 months, when combined with the aggregate amount of all Pro Rata Repurchases (for this purpose, including only that portion of the aggregate purchase price of such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the applicable expiration date (including all extensions thereof) of any tender offer or exchange offer which is a Pro Rata Repurchase, or the date of purchase with respect to any other Pro Rata Repurchase which is not a tender offer or exchange offer made during such period), exceeds Twelve and One- Half percent (12.5%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date for determining the shareholders entitled to receive such Extraordinary Distribution and (b) any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in paragraph I(2)), evidence of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation), or any combination thereof. The Fair Market Value of an Extraordinary Distribution for purposes of paragraph I(4) shall be the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any cash dividends which are not Extraordinary Distributions made during such twelve- month period and not previously included in the calculation of an adjustment pursuant to paragraph I(4).

"Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation or any other issuer which are publicly traded, the average of the Current Market Prices (as hereinafter defined) of such shares or securities for each day of the Adjustment Period (as hereinafter defined). "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for a day shall mean the last reported sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on The Nasdaq National Market or, if such security is not quoted on Nasdaq, the average of the closing bid and asked prices on each such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on each such day shall not have been reported through Nasdaq, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm selected for such purpose by the Board of Directors of the Corporation or a committee thereof on each trading day during the Adjustment Period. "Adjustment Period" shall mean the period of five (5) consecutive trading days preceding the date as of which the Fair Market Value of a security is to be determined. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors of the Corporation or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors of the Corporation or such committee.

"Non-Dilutive Amount" in respect of an issuance, sale or exchange by the Corporation of any right or warrant to purchase or acquire shares of Common Stock (including any security convertible into or exchangeable for shares of Common Stock) shall mean the remainder of (a) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise in full of such rights and warrants (including upon the conversion or exchange of all such convertible or exchangeable securities), whether or not exercisable (or convertible or exchangeable) at such date, minus (b) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of Common Stock; provided, however, that in no event shall the Non- Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of Common Stock shall be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by the Corporation.

"Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any subsidiary thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of ESOP Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that no purchase of shares by the Corporation or any subsidiary thereof made in open market transactions shall be deemed a Pro Rata Repurchase. For purposes of this paragraph I(7), shares shall be deemed to have been purchased by the Corporation or any subsidiary thereof "in open market transactions" if they have been purchased substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act, on the date shares of ESOP Preferred Stock are initially issued by the Corporation or on such other terms and conditions as the Board of Directors of the Corporation or a committee thereof shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock.

"Valuation Date" with respect to an Extraordinary Distribution shall mean the date that is five (5) business days prior to the record date for such Extraordinary Distribution.

(8) Whenever an adjustment to the Conversion Ratio is required pursuant hereto, the Corporation shall forthwith place on file with the transfer agent for the Common Stock and the ESOP Preferred Stock if there be one, and with the Secretary of the Corporation, a statement signed by two officers of the Corporation, stating the adjusted Conversion Ratio determined as provided herein and the voting rights (as appropriately adjusted) of the ESOP Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Conversion Ratio and the related voting rights of the ESOP Preferred Stock, the Corporation shall mail a notice thereof to each holder of shares of the ESOP Preferred Stock.

J. Ranking; Retirement of Shares.

(1) The ESOP Preferred Stock shall rank (a) senior to the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding-up of the Corporation and (b) unless otherwise provided in the Articles of Incorporation of the Corporation or an amendment to such Articles of Incorporation relating to a subsequent series of Preferred Shares, junior to all other series of Preferred Shares as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding-up.

(2) Any shares of ESOP Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as provided hereby, or otherwise so acquired, shall be retired as shares of ESOP Preferred Stock and restored to the status of authorized but unissued shares of Preferred Shares, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Shares as permitted by law.

K. Miscellaneous.

(1) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) business days after the mailing thereof if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: (a) if to the Corporation, to its office at Bank of America Corporate Center, Charlotte, North Carolina 28255 (Attention: Treasurer) or to the transfer agent for the ESOP Preferred Stock, or other agent of the Corporation designated as permitted hereby or (b) if to any holder of the ESOP Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the ESOP Preferred Stock or Common Stock, as the case may be) or (c) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(2) The term “Common Stock” as used herein means the Corporation’s Common Stock, as the same existed at the date of filing of the Amendment to the Corporation’s Articles of Incorporation relating to the ESOP Preferred Stock or any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value. In the event that, at any time as a result of an adjustment made pursuant to paragraph I hereof, the holder of any share of the ESOP Preferred Stock upon thereafter surrendering such shares for conversion shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Ratio in respect of such other shares or securities so receivable upon conversion of shares of ESOP Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions

with respect to Common Stock contained in paragraph I hereof, and the provisions of paragraphs A through H, J, and K hereof with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

(3) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of ESOP Preferred Stock or shares of Common Stock or other securities issued on account of ESOP Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of ESOP Preferred Stock or Common Stock or other securities in a name other than that in which the shares of ESOP Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(4) In the event that a holder of shares of ESOP Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of ESOP Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such ESOP Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(5) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the ESOP Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by first-class mail, postage prepaid, to each holder of record of ESOP Preferred Stock.

(c) $2.50 Cumulative Convertible Preferred Stock, Series BB.

A. Designation.

The designation of this series is “$2.50 Cumulative Convertible Preferred Stock, Series BB” (hereinafter referred to as the “Series BB Preferred Stock”), and the initial number of shares constituting such series shall be 20,000,000, which number may be increased or decreased (but not below the number of shares then outstanding) from time to time by the Board of Directors. The Series BB Preferred Stock shall rank prior to each of the Common Stock, the Series B Preferred Stock and the ESOP Preferred

Stock with respect to the payment of dividends and the distribution of assets.

B. Dividend Rights.

(1) The holders of shares of Series BB Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, cumulative preferential cash dividends, accruing from January 1, 1998, at the annual rate of $2.50 per share, and no more, payable quarterly on the first day of January, April, July and October of each year (each of the quarterly periods ending on the last day of March, June, September and December being hereinafter referred to as a "dividend period"). Dividends on the Series BB Preferred Stock shall first become payable on the first day of January, April, July or October, as the case may be, next following the date of issuance; provided, however, that if the first dividend period ends within 20 days of the date of issuance, such initial dividend shall be payable at the completion of the first full dividend period.

(2) Dividends on shares of Series BB Preferred Stock shall be cumulative from January 1, 1998, whether or not there shall be funds legally available for the payment thereof. Accumulations of dividends on the Series BB Preferred Stock shall not bear interest. The Corporation shall not (i) declare or pay or set apart for payment any dividends or distributions on any stock ranking as to dividends junior to the Series BB Preferred Stock (other than dividends paid in shares of such junior stock) or (ii) make any purchase or redemption of, or any sinking fund payment for the purchase or redemption of, any stock ranking as to dividends junior to the Series BB Preferred Stock (other than a purchase or redemption made by issue or delivery of such junior stock) unless all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof; provided, however, that any moneys theretofore deposited in any sinking fund with respect to any preferred stock of the Corporation in compliance with the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund regardless of whether at the time of such application all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof.

(3) All dividends declared on shares of Series BB Preferred Stock and any other class of preferred stock or series thereof ranking on a parity as to dividends with the Series BB Preferred Stock shall be declared pro rata, so that the amounts of dividends declared on the Series BB Preferred Stock and such other preferred stock for the same dividend period, or for the dividend period of the Series BB Preferred Stock ending within the dividend period of such other stock, shall, in all cases, bear to each other the same ratio that accrued dividends on the shares of Series BB Preferred Stock and such other stock bear to

each other.

C. Liquidation Preference.

(1) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of Series BB Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to $25 per share plus an amount equal to accrued and unpaid dividends thereon to and including the date of such distribution, and no more, before any distribution shall be made to the holders of any class of stock of the Corporation ranking junior to the Series BB Preferred Stock as to the distribution of assets.

(2) In the event the assets of the Corporation available for distribution to shareholders upon any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to the Series BB Preferred Stock and any other shares of preferred stock of the Corporation ranking on a parity with the Series BB Preferred Stock as to the distribution of assets, the holders of Series BB Preferred Stock and the holders of such other preferred stock shall share ratably in any distribution of assets of the Corporation in proportion to the full respective preferential amounts to which they are entitled.

(3) The merger or consolidation of the Corporation into or with any other corporation, the merger or consolidation of any other corporation into or with the Corporation or the sale of the assets of the Corporation substantially as an entirety shall not be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph C.

D. Redemption.

(1) The Corporation, at its option, may redeem all or any shares of the Series BB Preferred Stock at any time at a redemption price (the "Redemption Price") consisting of the sum of (i) $25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of redemption.

(2) If less than all the outstanding shares of Series BB Preferred Stock are to be redeemed, the shares to be redeemed shall be selected pro rata as nearly as practicable or by lot, as the Board of Directors may determine.

(3) Notice of any redemption shall be given by first class mail, postage prepaid, mailed not less than 60 nor more than 90 days prior to the date fixed for redemption to the holders of record of the shares of Series BB Preferred Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. Notice so mailed shall be conclusively presumed to have been duly given whether or not actually received. Such notice shall state: (1) the date fixed for redemption; (2) the Redemption Price; (3) the right of the holders of Series BB Preferred Stock to convert such stock into Common Stock until the

close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day); (4) if less than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; and (5) the place(s) where certificates for such shares are to be surrendered for payment of the Redemption Price. If such notice is mailed as aforesaid, and if on or before the date fixed for redemption funds sufficient to redeem the shares called for redemption are set aside by the Corporation in trust for the account of the holders of the shares to be redeemed, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue, and all rights of the holders of such shares as shareholders of the corporation shall cease, except the right to receive the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Upon surrender in accordance with the aforesaid notice of the certificate(s) for any shares so redeemed (duly endorsed or accompanied by appropriate instruments of transfer, if so required by the Corporation in such notice), the holders of record of such shares shall be entitled to receive the Redemption Price, without interest.

(4) At the option of the Corporation, if notice of redemption is mailed as aforesaid, and if prior to the date fixed for redemption funds sufficient to pay in full the Redemption Price are deposited in trust, for the account of the holders of the shares to be redeemed, with a bank or trust company named in such notice doing business in the Borough of Manhattan, the City of New York, State of New York or the City of Charlotte, State of North Carolina and having capital, surplus and undivided profits of at least $3 million, which bank or trust company also may be the Transfer Agent and/or Paying Agent for the Series BB Preferred Stock, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after such date of deposit the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, and all rights of the holders of such shares as shareholders of the Corporation shall cease, except the right of the holders thereof to convert such shares in accordance with the provisions of paragraph F at any time prior to the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day), and the right of the holders thereof to receive out of the funds so deposited in trust the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Any funds so deposited with such bank or trust company in respect of shares of Series BB Preferred Stock converted before the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) shall be returned to the Corporation upon such conversion. Any funds so deposited with such a bank or trust company which shall remain unclaimed by the holders of shares called for redemption at the end of six years after the

redemption date shall be repaid to the Corporation, on demand, and thereafter the holder of any such shares shall look only to the Corporation for the payment, without interest, of the Redemption Price.

(5) Any provisions of paragraph D or E to the contrary notwithstanding, in the event that any quarterly dividend payable on the Series BB Preferred Stock shall be in arrears and until all such dividends in arrears shall have been paid or declared and set apart for payment, the Corporation shall not redeem any shares of Series BB Preferred Stock unless all outstanding shares of Series BB Preferred Stock are simultaneously redeemed and shall not purchase or otherwise acquire any shares of Series BB Preferred Stock except in accordance with a purchase offer made by the Corporation on the same terms to all holders of record of Series BB Preferred Stock for the purchase of all outstanding shares thereof.

E. Purchase by the Corporation.

(1) Except as provided in paragraph D(5), the Corporation shall be obligated to purchase shares of Series BB Preferred Stock tendered by the holder thereof for purchase hereunder, at a purchase price consisting of the sum of (i) $25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of purchase. In order to exercise his right to require the Corporation to purchase his shares of Series BB Preferred Stock, the holder thereof shall surrender the Certificate(s) therefor duly endorsed if the Corporation shall so require or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to sell such shares to the Corporation. Shares of Series BB Preferred Stock shall be deemed to have been purchased by the Corporation immediately prior to the close of business on the date such shares are tendered for sale to the Corporation and notice of election to sell the same is received by the Corporation in accordance with the foregoing provisions. As of such date the shares so tendered for sale shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue and all rights of the holder of such shares as a shareholder of the Corporation shall cease, except the right to receive the purchase price.

F. Conversion Rights.

The holders of shares of Series BB Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock on the following terms and conditions:

(1) Shares of Series BB Preferred Stock shall be convertible at any time into fully paid and nonassessable shares of Common Stock (calculated as to each conversion to the nearest 1/1,000 of a share) at the initial rate of 6.17215 shares of Common Stock for

each share of Series BB Preferred Stock surrendered for conversion (the "Conversion Rate"). The Conversion Rate shall be subject to adjustment from time to time as hereinafter provided. No payment or adjustment shall be made on account of any accrued and unpaid dividends on shares of Series BB Preferred Stock surrendered for conversion prior to the record date for the determination of shareholders entitled to such dividends or on account of any dividends on the Common Stock issued upon such conversion subsequent to the record date for the determination of shareholders entitled to such dividends. If any shares of Series BB Preferred Stock shall be called for redemption, the right to convert the shares designated for redemption shall terminate at the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) unless default be made in the payment of the Redemption Price. In the event of default in the payment of the Redemption Price, the right to convert the shares designated for redemption shall terminate at the close of business on the business day immediately preceding the date that such default is cured.

(2) In order to convert shares of Series BB Preferred Stock into Common Stock, the holder thereof shall surrender the certificate(s) therefor, duly endorsed if the Corporation shall so require, or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to convert such shares. Such notice shall also state the name(s) and address(es) in which such holder wishes the certificate(s) for the shares of Common Stock issuable upon conversion to be issued. As soon as practicable after receipt of the certificate(s) representing the shares of Series BB Preferred Stock to be converted and the notice of election to convert the same, the Corporation shall issue and deliver at said office a certificate or certificates for the number of whole shares of Common Stock issuable upon conversion of the shares of Series BB Preferred Stock surrendered for conversion, together with a cash payment in lieu of any fraction of a share, as hereinafter provided, to the person(s) entitled to receive the same. Shares of Series BB Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the date such shares are surrendered for conversion and notice of election to convert the same is received by the Corporation in accordance with the foregoing provisions, and the person(s) entitled to receive the Common Stock issuable upon such conversion shall be deemed for all purposes as record holder(s) of such Common Stock as of such date.

(3) No fractional shares of Common Stock shall be issued upon conversion of any shares of Series BB Preferred Stock. If more than one share of Series BB Preferred Stock is surrendered at one time by the same holder, the number of full shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered. If the conversion of any shares of Series BB Preferred Stock results in a fractional

share of Common Stock, the Corporation shall pay cash in lieu thereof in an amount equal to such fraction multiplied times the closing price of the Common Stock on the date on which the shares of Series BB Preferred Stock were duly surrendered for conversion, or if such date is not a trading date, on the next succeeding trading date. The closing price of the Common Stock for any day shall mean the last reported sales price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on the New York Stock Exchange, or, if the Common Stock is not then listed on such Exchange, on the principal national securities exchange on which the Common Stock is listed for trading, or, if not then listed for trading on any national securities exchange, the average of the closing bid and asked prices of the Common Stock as furnished by the National Quotation Bureau, Inc., or if the National Quotation Bureau, Inc. ceases to furnish such information, by a comparable independent securities quotation service.

(4) In the event the Corporation shall at any time (i) pay a dividend or make a distribution to holders of Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Rate in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the holder of any shares of Series BB Preferred Stock surrendered for conversion after such record date or effective date shall be entitled to receive the number of shares of Common Stock which he would have owned or have been entitled to receive immediately following such record date or effective date had such shares of Series BB Preferred Stock been converted immediately prior thereto.

(5) Whenever the Conversion Rate shall be adjusted as herein provided (i) the Corporation shall forthwith keep available at the office of the Transfer Agent(s) for the Series BB Preferred Stock a statement describing in reasonable detail the adjustment, the facts requiring such adjustment and the method of calculation used; and (ii) the Corporation shall cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of Series BB Preferred Stock a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate.

(6) In the event of any consolidation of the Corporation with or merger of the Corporation into any other corporation (other than a merger in which the Corporation is the surviving corporation) or a sale of the assets of the Corporation substantially as an entirety, the holder of each share of Series BB Preferred Stock shall have the right, after such consolidation, merger or sale to convert such share into the number and kind of shares of stock or other securities and the amount and kind of property receivable upon such consolidation, merger or sale by a holder of the number of shares of Common Stock issuable upon conversion of such share of Series BB Preferred Stock immediately prior to such

consolidation, merger or sale. Provision shall be made for adjustments in the Conversion Rate which shall be as nearly equivalent as may be practicable to the adjustments provided for in paragraph F(4). The provisions of this paragraph F(6) shall similarly apply to successive consolidations, mergers and sales.

(7) The Corporation shall pay any taxes that may be payable in respect of the issuance of shares of Common Stock upon conversion of shares of Series BB Preferred Stock, but the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance of shares of Common Stock in a name other than that in which the shares of Series BB Preferred Stock so converted are registered, and the Corporation shall not be required to issue or deliver any such shares unless and until the person(s) requesting such issuance shall have paid to the Corporation the amount of any such taxes, or shall have established to the satisfaction of the Corporation that such taxes have been paid.

(8) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable upon the conversion of all shares of Series BB Preferred Stock then outstanding.

(9) In the event that:

(i) The Corporation shall declare a dividend or any other distribution on its Common Stock, payable otherwise than in cash out of retained earnings; or

(ii) The Corporation shall authorize the granting to the holders of its Common Stock of rights to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) The Corporation shall propose to effect any consolidation of the Corporation with or merger of the Corporation with or into any other corporation or a sale of the assets of the company substantially as an entirety which would result in an adjustment under paragraph F(6), the Corporation shall cause to be mailed to the holders of record of Series BB Preferred Stock at least 20 days prior to the applicable date hereinafter specified a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or (y) the date on which such consolidation, merger or sale is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such consolidation, merger or sale. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, consolidation, merger or sale.

G. Voting Rights.

Holders of Series BB Preferred Stock shall have no voting rights except as required by law and as follows: in the event that any quarterly dividend payable on the Series BB Preferred Stock is in arrears, the holders of Series BB Preferred Stock shall be entitled to vote together with the holders of Common Stock at the Corporation's next meeting of shareholders and at each subsequent meeting of shareholders unless all dividends in arrears have been paid or declared and set apart for payment prior to the date of such meeting. For the purpose of this paragraph G, each holder of Series BB Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which his Series BB Preferred Stock is then convertible.

H. Reacquired Shares.

Shares of Series BB Preferred Stock converted, redeemed, or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

I. No Sinking Fund.

Shares of Series BB Preferred Stock are not subject to the operation of a sinking fund.

4. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

5. No holder of any stock of the Corporation of any class now or hereafter authorized shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of stock of the Corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into any such shares, or any warrants or other instruments evidencing rights or options to subscribe for, purchase or otherwise acquire any such shares whether such shares, securities, warrants or other instruments be unissued, or issued and thereafter acquired by the Corporation.

6. To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation, its shareholders or otherwise for monetary damage for breach of his duty as a director. Any repeal or modification of this Article shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

7. In furtherance and not in limitation of the powers conferred

by law, the Board of Directors of the Corporation is expressly authorized and empowered to make, alter and repeal the Bylaws of the Corporation by a majority vote at any regular or special meeting of the Board of Directors or by written consent, subject to the power of the stockholders of the Corporation to alter or repeal any Bylaws made by the Board of Directors.

8. The Corporation reserves the right at any time from time to time to amend or repeal any provision contained in this Certificate of Incorporation, and to add any other provisions authorized by the laws of the State of Delaware at the time in force; and all rights, preferences and privileges conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article.

9. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

10. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation or may be effected by consent in writing in lieu of a meeting of such stockholders only if consents are signed by all stockholders of the Corporation entitled to vote on such action.

IN WITNESS WHEREOF, BankAmerica Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by Hugh L. McColl, Jr., its Chairman of the Board and Chief Executive Officer, and attested to by James W. Kiser, its Secretary, this 28th day of April, 1999.

BANKAMERICA CORPORATION

By: /s/ Hugh L. McColl, Jr.
Hugh L. McColl, Jr.
Chairman of the Board and Chief Executive Officer

ATTEST:

By: /s/ James W. Kiser
James W. Kiser
Secretary

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

BANK OF AMERICA CORPORATION

Bank of America Corporation, a Delaware corporation (the "Corporation"), does hereby certify as follows:

FIRST: That at a meeting of the Board of Directors of the Corporation, resolutions were duly adopted setting forth a proposed amendment of the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

> RESOLVED, that Article 3 of the Amended and Restated Certificate of Incorporation of the Corporation be amended by changing the number of shares of stock the Corporation is authorized to issue, so that, as amended, the first sentence of said Article 3 shall be and read as follows:
>
> "3. The number of shares, par value $.01 per share, the Corporation is authorized to issue is Seven Billion Six Hundred Million (7,600,000,000), divided into the following classes:

| Class | Number of Shares |
|---|---|
| Common | 7,500,000,000 |
| Preferred | 100,000,000." |

The balance of said Article 3 shall remain unchanged.

SECOND: That said amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this 26th day of March, 2004.

By: /s/ James H. Hance, Jr.
Name: James H. Hance, Jr.
Title: Vice Chairman and Chief Financial Officer

**CERTIFICATE OF DESIGNATION**

**OF**

**FIXED/ADJUSTABLE RATE CUMULATIVE**

**PREFERRED STOCK**

**OF**

**Bank of America Corporation**

(Pursuant to Section 151 of the Delaware Corporation Law)

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as required by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on January 28, 2004:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, without par value (the "Preferred Stock") and hereby states the designation and number thereof and fixes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

(a) Designation. The designation of the series of Preferred Stock shall be "Fixed/Adjustable Rate Cumulative Preferred Stock" (hereinafter called this "Series") and the number of shares constituting this Series is Eight Hundred Five Thousand (805,000).

(b) Dividend Rate.

(1) The holders of shares of this Series shall be entitled to receive dividends thereon at a rate of 6.60% per annum computed on the basis of an issue price thereof of $250 per share, and no more, payable quarterly out of the funds of the Corporation legally available for the payment of dividends. Such dividends shall be cumulative from the date of original issue of such shares and shall be payable, when, as and if declared by the Board, on January 1, April 1, July 1 and October 1 of each year, commencing July 1, 2004 (a "Dividend Payment Date") through April 1, 2006. Each such dividend shall be paid to the holders of record of shares of this Series as they appear on the stock register of the Corporation on such record date, not exceeding 30 days preceding the payment date thereof, as shall be fixed by the Board. Dividends on account of arrears for any past quarters may be declared and paid at any time, without reference to any regular dividend

payment date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board.

After April 1, 2006, dividends on this Series will be payable quarterly, as, if and when declared by the Board of Directors or a duly authorized committee thereof on each Dividend Payment Date at the Applicable Rate from time to time in effect. The Applicable Rate per annum for any dividend period beginning on or after April 1, 2006 will be equal to .50% plus the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as defined below under "Adjustable Rate Dividends"), as determined in advance of such dividend period. The Applicable Rate per annum for any dividend period beginning on or after April 1, 2006 will not be less than 7.0% nor greater than 13.0% (without taking into account any adjustments as described below in subsection (3) of this Section (b)).

(2) Except as provided below in this paragraph, the "Applicable Rate" per annum for any dividend period beginning on or after April 1, 2006 will be equal to .50% plus the Effective Rate (as defined below), but not less than 7.0% nor greater than 13.0% (without taking into account any adjustments as described below in subsection (3) of this Section (b)). The "Effective Rate" for any dividend period beginning on or after April 1, 2006 will be equal to the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as defined below) for such dividend period. In the event that the Corporation determines in good faith that for any reason:

(i) any one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate cannot be determined for any dividend period, then the Effective Rate for such dividend period will be equal to the higher of whichever two of such rates can be so determined;

(ii) only one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for such dividend period will be equal to whichever such rate can be so determined; or

(iii) none of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for the preceding dividend period will be continued for such dividend period.

Except as described below in this paragraph, the "Treasury Bill Rate" for each dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period (as defined below)) for three-month U.S. Treasury bills, as published weekly by the Federal Reserve Board (as defined below) during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum market discount rate for three-month U.S. Treasury bills is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for all of the U.S. Treasury bills then having remaining maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such rates, by any Federal Reserve Bank or by any U.S. Government Department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason no such U.S. Treasury Bill Rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided above in this paragraph, the Treasury Bill Rate for such dividend period will be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described below in this paragraph, the “Ten Year Constant Maturity Rate” for each dividend period will be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as defined below) (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Ten Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities (as defined below)) then having remaining maturities of not less than eight nor more than twelve years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the

Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than twelve years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described below in this paragraph, the "Thirty Year Constant Maturity Rate" for each dividend period will be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (as defined below) (or the one weekly per annum Thirty Year Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Thirty Year Average Yield during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Thirty Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having remaining maturities of not less than twenty-eight nor more than thirty years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Thirty Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than twenty-eight nor more than thirty years from the date of such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate will each be rounded to the nearest five hundredths of a percent.

The Applicable Rate with respect to each dividend period beginning on or after April 1, 2006 will be calculated as promptly as practicable by the Corporation according to the appropriate method described above. The Corporation will cause notice of each Applicable Rate to be enclosed with the dividend payment checks next mailed to the holders of this Series.

As used above, the term “Calendar Period” means a period of fourteen calendar days; the term “Federal Reserve Board” means the Board of Governors of the Federal Reserve System; the term “Special Securities” means securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; the term “Ten Year Average Yield” means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years); and the term “Thirty Year Average Yield” means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of thirty years.)

(3) If one or more amendments to the Internal Revenue Code of 1986, as amended (the “Code”), are enacted that change the percentage of the dividends received deduction (currently 70%) as specified in Section 243(a)(1) of the Code or any successor provision (the “Dividends Received Percentage”), the amount of each dividend payable per share of this Series for dividend payments made on or after the date of enactment of such change shall be adjusted by multiplying the amount of the dividend payable determined as described above (before adjustment) by a factor which shall be the number determined in accordance with the following formula (the “DRD Formula”), and rounding the result to the nearest cent:

$$1 - .35(1 - .70)/1 - .35(1 - \mathrm{DRP})$$

For the purposes of the DRD Formula, “DRP” means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the percentage of the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, will give rise to an adjustment. Notwithstanding the foregoing provisions, in the event that, with respect to any such amendment, the Corporation shall receive either an unqualified opinion of independent recognized tax counsel or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on shares of this Series, then any such amendment shall not result in the adjustment provided for pursuant to the DRD Formula. The Corporation’s calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage is enacted after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date will not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend

Payment Date, will be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

(4) No full dividends shall be declared or paid or set apart for payment on the Preferred Stock of any series ranking, as to dividends, on a parity with or junior to this Series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on this Series for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of this Series and any other preferred stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other class or series of preferred stock of the Corporation ranking on a parity as to dividends with this Series shall be declared pro rata so that the amount of dividends declared per share on this Series and such other preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of this Series and such other preferred stock bear to each other. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears.

(5) So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation and other than as provided in subsection (4) of this Section (b)) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to or on a parity with this Series as to dividends or upon liquidation, nor shall any Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation) unless, in each case, the full cumulative dividends on all outstanding shares of this Series shall have been paid for all past dividend payment periods.

(6) Dividends payable on this Series for any period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(c) Redemption.

(1) (A) The shares of this Series shall not be redeemable prior to April 1, 2006. On and after April 1, 2006, the Corporation, at its option, may redeem shares of this Series, in whole or in part, at any time or from time to time, at a redemption price or $250 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(B) In the event that fewer than all the outstanding shares of this Series are to be redeemed pursuant to subsection (1)(A), the number of shares to be redeemed shall be determined by the Board and the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board or by any other method as may be determined by the Board in its sole discretion to be equitable.

(2) (A) Notwithstanding subsection (1) above, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the shares of this Series payable on any Dividend Payment Date will be or is adjusted upwards as described in Section (b)(2) above, the Corporation, at its Option, may redeem all, but not less than all, of the outstanding shares of this Series; provided, that within sixty days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40% or less, the Corporation sends notice to holders of shares of this Series of such redemption in accordance with subsection (3) below.

(B) Any redemption of this Series in accordance with this subsection (2) shall be at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends (whether or not declared) thereon to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage.

| Redemption Period | Redemption Price Per Share | Redemption Price Per Depositary Share |
|---|---|---|
| April 2, 2004 to March 31, 2005 | 252.50 | 50.50 |
| April 1, 2005 to March 31, 2006 | 251.25 | 50.25 |
| On or after April 1, 2006 | 250.00 | 50.00 |

(3) In the event the Corporation shall redeem shares of this Series pursuant to subsections (1) or (2) above, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(4) Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) dividends on the shares of this Series so called for redemption under either subsection (1) or (2) above shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price. In case fewer than all the shares represented by

any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(5) Notwithstanding the foregoing provisions of this Section (c), if any dividends on this Series are in arrears, no shares of this Series shall be redeemed unless all outstanding shares of this Series are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of this Series; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of this Series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of this Series.

(d) Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive and be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the shares of this Series upon liquidation, the amount of $250 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the sale of all or substantially all the property or business of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section (d).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (d), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (d), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(e) Conversion or Exchange. The holders of shares of this Series shall not have any rights herein to convert such shares into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(f) Voting. The shares of this Series shall not have any voting powers, either general or special, except that:

(1) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series shall vote together as a separate class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Corporation's Amended and Restated Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights, and the Qualifications, Limitations or Restrictions thereof, or any similar document relating to any series of Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of this Series;

(2) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series and all other series of Preferred Stock ranking on a parity with shares of this Series, either as to dividends or upon liquidation, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series and such other series of Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting, increasing or validating the creation, authorization or issue of any shares of any class of stock of the Corporation ranking prior to the shares of this Series as to dividends or upon liquidation, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issue of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

(3) If, at the time of any annual meeting of stockholders for the election of directors, a default in preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation (other than any other class or series of the Corporation's preferred stock expressly entitled to elect additional directors to the Board by a vote separate and distinct from the vote provided for in this paragraph (3) ("Voting Preferred")) shall exist, the number of directors constituting the Board shall be increased by two (without duplication of any increase made pursuant to the terms of any other class or series of the Corporation's preferred stock other than any Voting Preferred) and the holders of the Corporation's preferred stock of all classes and series (other than any such Voting Preferred) shall have the right at such meeting, voting together as a single class without regard to class or series, to the exclusion of the holders of Common Stock and the Voting Preferred, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon shares of any class or series of the Corporation's preferred stock ranking prior to or on a parity with shares of this Series as to dividends (other than any Voting Preferred). Each director elected by the holders of shares of any series of the Preferred Stock or any other class or series of the Corporation's preferred stock in an election provided for by this paragraph (3) (herein called a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for such director's election, voting together as a single class without regard to class or series, at a meeting of the stockholders, or of the holders of

shares of the Corporation's preferred stock, called for that purpose. So long as a default in any preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall exist (other than any Voting Preferred) (A) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (B)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (B) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for the removed director's election, voting together as a single class without regard to class or series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid shall be deemed for all purposes hereto to be a Preferred Director. Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board shall be reduced by two. For purposes hereof, a "default in preference dividends" on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall be deemed to have occurred whenever the amount of accrued dividends upon such class or series of the Corporation's preferred stock shall be equivalent to six full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all such shares of the Corporation's preferred stock of each and every series then Outstanding (other than any Voting Preferred or shares of any class or series ranking junior to shares of this Series as to dividends) shall have been paid to the end of the last preceding quarterly dividend period.

(4) Without limiting the foregoing, under any circumstances in which the Series would have additional rights under Rhode Island law if the Corporation were incorporated under the Rhode Island Business Corporation Act (rather than the Delaware General Corporation Law), holders of shares of the Series shall be entitled to such rights, including, without limitation, voting rights under Chapter 7-1.1-55, voting and notice rights under Chapter 7-1.1-67 and dissenters' rights under Chapters 7-1.1-73 and 7-1.1-74 of the Rhode Island Business Corporation Act (as such Chapters may be amended from time to time).

(g) Reacquired Shares. Shares of this Series which have been issued and reacquired through redemption or purchase shall, upon compliance with an applicable provision of the Delaware General Corporation Law, have the status of authorized and unissued shares of Preferred Stock and may be reissued but only as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board.

(h) Relation to Existing Preferred Classes of Stock. Shares of this Series are equal in rank and preference with all other series of the Preferred Stock (other than the ESOP Convertible Preferred Stock, Series C) outstanding on the date of original issue of the shares of this Series and are senior in rank and preference to the Common Stock and the ESOP Convertible Preferred Stock, Series C of the Corporation.

(i) Relation to Other Preferred Classes of Stock. For purposes of this resolution, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts

distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to the shares of this Series, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed by James H. Hance, Jr., its Vice Chairman and Chief Financial Officer, and attested to by Rachel R. Cummings, its Corporate Secretary, and has caused the corporate seal to be affixed hereto, this 26th day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ James H. Hance, Jr.
Vice Chairman and Chief Financial Officer

ATTEST:

/s/ Rachel R. Cummings
Corporate Secretary

(Corporate Seal)

**CERTIFICATE OF DESIGNATION**

**OF**

**6.75% PERPETUAL PREFERRED STOCK**

**OF**

**BANK OF AMERICA CORPORATION**

(Pursuant to Section 151 of the Delaware Corporation Law)

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as required by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on January 28, 2004:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, without par value (the "Preferred Stock") and hereby states the designation and number thereof and fixes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

(a) Designation. The designation of the series of Preferred Stock shall be "6.75% Perpetual Preferred Stock" (hereinafter called this "Series") and the number of shares constituting this Series is Six Hundred Ninety Thousand (690,000).

(b) Dividend Rate.

(1) The holders of shares of this Series shall be entitled to receive dividends thereon at a rate of 6.75% per annum computed on the basis of an issue price thereof of $250 per share, and no more, payable quarterly out of the funds of the Corporation legally available for the payment of dividends. Such dividends shall be cumulative from the date of original issue of such shares and shall be payable, when, as and if declared by the Board, on January 15, April 15, July 15 and October 15 of each year, commencing April 15, 2004 (a "Dividend Payment Date"). Each such dividend shall be paid to the holders of record of shares of this Series as they appear on the stock register of the Corporation on such record date, not exceeding 30 days preceding the payment date

thereof, as shall be fixed by the Board. Dividends on account of arrears for any past quarters may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board.

(2) If one or more amendments to the Internal Revenue Code of 1986, as amended (the "Code"), are enacted that change the percentage of the dividends received deduction (currently 70%) as specified in Section 243(a)(1) of the Code or any successor provision (the "Dividends Received Percentage"), the amount of each dividend payable per share of this Series for dividend payments made on or after the date of enactment of such change shall be adjusted by multiplying the amount of the dividend payable determined as described above (before adjustment) by a factor which shall be the number determined in accordance with the following formula (the "DRD Formula"), and rounding the result to the nearest cent:

$$1 - .35(1 - .70)/1 - .35(1 - DRP)$$

For the purposes of the DRD Formula, "DRP" means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the percentage of the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, will give rise to an adjustment. Notwithstanding the foregoing provisions, in the event that, with respect to any such amendment, the Corporation shall receive either an unqualified opinion of independent recognized tax counsel or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on shares of this Series, then any such amendment shall not result in the adjustment provided for pursuant to the DRD Formula. The Corporation's calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage is enacted after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date will not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend Payment Date, will be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

(3) No full dividends shall be declared or paid or set apart for payment on the Preferred Stock of any series ranking, as to dividends, on a parity with or junior to this Series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the

payment thereof set apart for such payment on this Series for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of this Series and any other preferred stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other class or series of preferred stock of the Corporation ranking on a parity as to dividends with this Series shall be declared pro rata so that the amount of dividends declared per share on this Series and such other preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of this Series and such other preferred stock bear to each other. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears.

(4) So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation and other than as provided in subsection (3) of this Section (b)) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to or on a parity with this Series as to dividends or upon liquidation, nor shall any Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation) unless, in each case, the full cumulative dividends on all outstanding shares of this Series shall have been paid for all past dividend payment periods.

(5) Dividends payable on this Series for any period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(c) Redemption.

(1) (A) The shares of this Series shall not be redeemable prior to April 15, 2006. On and after April 15, 2006, the Corporation, at its option, may redeem shares of this Series, in whole or in part, at any time or from time to time, at a redemption price of $250 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(B) In the event that fewer than all the outstanding shares of this Series are to be redeemed pursuant to subsection (1)(A), the number of shares to be redeemed shall be determined by the Board and the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board or by any other method as may be determined by the Board in its sole discretion to be equitable.

(2) (A) Notwithstanding subsection (1) above, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the shares of this Series payable on any Dividend Payment Date will be or is adjusted upwards as described in Section (b)(2) above, the Corporation, at its option, may redeem all, but not less than all, of the outstanding shares of this Series; provided, that within sixty days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40% or less, the Corporation sends notice to holders of shares of this Series of such redemption in accordance with subsection (3) below.

(B) Any redemption of the Perpetual Preferred Stock in accordance with this subsection (2) shall be at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends (whether or not declared) thereon to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage.

| Redemption Period | Redemption Price Per Share | Redemption Price Per Depositary Share |
|---|---|---|
| April 2, 2004 to April 14, 2004 | 253.75 | 50.75 |
| April 15, 2004 to April 14, 2005 | 252.50 | 50.50 |
| April 15, 2005 to April 14, 2006 | 251.25 | 50.25 |
| On or after April 15, 2006 | 250.00 | 50.00 |

(3) In the event the Corporation shall redeem shares of this Series pursuant to subsections (1) or (2) above, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(4) Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) dividends on the shares of this Series so called for redemption under either subsection (1) or (2) above shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price. In case fewer than all the shares represented by

any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(5) Notwithstanding the foregoing provisions of this Section (c), if any dividends on this Series are in arrears, no shares of this Series shall be redeemed unless all outstanding shares of this Series are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of this Series; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of this Series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of this Series.

(d) Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive and be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the shares of this Series upon liquidation, the amount of $250 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the sale of all or substantially all the property or business of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section (d).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (d), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (d), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(e) Conversion or Exchange. The holders of shares of this Series shall not have any rights herein to convert such shares into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(f) Voting. The shares of this Series shall not have any voting powers, either general or special, except that:

(1) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series shall vote together as a separate class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Corporation's Amended and Restated Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights, and the Qualifications, Limitations or Restrictions thereof, or any similar document relating to any series of Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of this Series;

(2) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series and all other series of Preferred Stock ranking on a parity with shares of this Series, either as to dividends or upon liquidation, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series and such other series of Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting, increasing or validating the creation, authorization or issue of any shares of any class of stock of the Corporation ranking prior to the shares of this Series as to dividends or upon liquidation, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issue of any obligation or security convertible, into or evidencing the right to purchase any such prior shares.

(3) If, at the time of any annual meeting of stockholders for the election of directors, a default in preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation (other than any other class or series of the Corporation's preferred stock expressly entitled to elect additional directors to the Board by a vote separate and distinct from the vote provided for in this paragraph (3) ("Voting Preferred")) shall exist, the number of directors constituting the Board shall be increased by two (without duplication of any increase made pursuant to the terms of any other class or series of the Corporation's preferred stock other than any Voting Preferred) and the holders of the Corporation's preferred stock of all classes and series (other than any such Voting Preferred) shall have the right at such meeting, voting together as a single class without regard to class or series, to the exclusion of the holders of Common Stock and the Voting Preferred, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon shares of any class or series of the Corporation's preferred stock ranking prior to or on a parity with shares of this Series as to dividends (other than any Voting Preferred). Each director elected by the holders of shares of any series of the Preferred Stock or any other class or series of the Corporation's preferred stock in an election provided for by this paragraph (3) (herein called a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for such director's election, voting together as a single class without regard to class or series, at a meeting of the stockholders, or of the holders of

shares of the Corporation's preferred stock, called for that purpose. So long as a default in any preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall exist (other than any Voting Preferred) (A) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (B)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (B) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for the removed director's election, voting together as a single class without regard to class or series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid shall be deemed for all purposes hereto to be a Preferred Director.

Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board shall be reduced by two. For purposes hereof, a "default in preference dividends" on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall be deemed to have occurred whenever the amount of accrued dividends upon such class or series of the Corporation's preferred stock shall be equivalent to six full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all such shares of the Corporation's preferred stock of each and every series then outstanding (other than any Voting Preferred or shares of any class or series ranking junior to shares of this Series as to dividends) shall have been paid to the end of the last preceding quarterly dividend period.

(4) Without limiting the foregoing, under any circumstances in which the Series would have additional rights under Rhode Island law if the Corporation were incorporated under the Rhode Island Business Corporation Act (rather than the Delaware General Corporation Law), holders of shares of the Series shall be entitled to such rights, including, without limitation, voting rights under Chapter 7-1.1-55, voting and notice rights under Chapter 7-1.1-67 and dissenters' rights under Chapters 7-1.1-73 and 7-1.1-74 of the Rhode Island Business Corporation Act (as such Chapters may be amended from time to time).

(g) Reacquired Shares. Shares of this Series which have been issued and reacquired through redemption or purchase shall, upon compliance with an applicable provision of the Delaware General Corporation Law, have the status of authorized and unissued shares of Preferred Stock and may be reissued but only as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board.

(h) Relation to Existing Preferred Classes of Stock. Shares of this Series are equal in rank and preference with all other series of the Preferred Stock (other than the ESOP Convertible Preferred Stock, Series C) outstanding on the date of original issue of the shares of this Series and are senior in rank and preference to the Common Stock and the ESOP Convertible Preferred Stock, Series C of the Corporation.

(i) Relation to Other Preferred Classes of Stock. For purposes of this resolution, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to the shares of this Series, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed by James H. Hance, Jr., its Vice Chairman and Chief Financial Officer, and attested to by Rachel R. Cummings, its Corporate Secretary, and has caused the corporate seal to be affixed hereto, this 26th day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ James H. Hance, Jr.
Vice Chairman and Chief Financial Officer

ATTEST:

/s/ Rachel R. Cummings
Corporate Secretary

(Corporate Seal)

CERTIFICATE OF MERGER
OF
FLEETBOSTON FINANCIAL CORPORATION
INTO
BANK OF AMERICA CORPORATION

In accordance with Section 252 of the General Corporation Law of the State of Delaware, Bank of America Corporation, a Delaware corporation (“Bank of America”), does hereby certify as follows:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger herein certified are as follows:

| Name | State of Incorporation |
| --- | --- |
| FleetBoston Financial Corporation | Rhode Island |
| Bank of America Corporation | Delaware |

SECOND: That an Agreement and Plan of Merger, dated as of October 27, 2003, by and between FleetBoston Financial Corporation (“FleetBoston”), a Rhode Island Corporation, and Bank of America, was approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the General Corporation Law of the State of Delaware.

THIRD: That Bank of America will continue as the surviving corporation.

FOURTH: That the Amended and Restated Certificate of Incorporation of Bank of America at the effective time of the merger shall be the certificate of incorporation of the surviving corporation.

FIFTH: That a copy of the executed Agreement and Plan of Merger is on file at the offices of the surviving corporation at Bank of America Corporate Center, Charlotte, North Carolina 28255.

SIXTH: That a copy of the Agreement and Plan of Merger will be furnished by Bank of America, on request and without cost, to any stockholder of any constituent corporation.

SEVENTH: The authorized capital stock of FleetBoston consisted of 2,000,000,000 shares of Common Stock, $0.01 par value per share, and 16,000,000 shares of Preferred Stock, $1.00 par value per share, of which 690,000 shares were designated as Series VI 6.75% Perpetual Preferred Stock and 805,000 shares were designated as Series VII Fixed/Adjustable Rate Cumulative Preferred Stock.

EIGHTH: This Certificate of Merger shall become effective on April 1, 2004 at 12:01 a.m., Eastern Time.

IN WITNESS WHEREOF, Bank of America has caused this Certificate of Merger to be executed by a duly authorized officer on this 31st day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ JAMES H. HANCE, JR.
Name: James H. Hance, Jr.
Title: Chief Financial Officer

CERTIFICATE OF MERGER

OF

MBNA CORPORATION
(a Maryland corporation)

with and into

BANK OF AMERICA CORPORATION
(a Delaware corporation)

Pursuant to Section 252 of the General Corporation Law of the State of Delaware (the "DGCL"), Bank of America Corporation, a Delaware corporation ("Bank of America"), hereby certifies the following information relating to the merger of MBNA Corporation, a Maryland corporation ("MBNA"), with and into Bank of America (the "Merger"):

**FIRST:** The name and state of incorporation of each of the constituent corporations (the "Constituent Corporations") in the Merger are:

| Name: | State of Incorporation |
|---|---|
| Bank of America Corporation | Delaware |
| MBNA Corporation | Maryland |

**SECOND:** The Agreement and Plan of Merger, dated as of June 30, 2005, by and between MBNA and Bank of America (the "Plan of Merger"), setting forth the terms and conditions of the Merger has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the requirements of Section 252 of the DGCL.

**THIRD:** The name of the surviving corporation of the Merger (the "Surviving Corporation") is Bank of America Corporation.

**FOURTH:** The Amended and Restated Certificate of Incorporation of Bank of America in effect immediately prior to the effective time of the Merger shall be the certificate of incorporation of the Surviving Corporation.

**FIFTH:** The executed Plan of Merger is on file at the principal place of business of the Surviving Corporation at Bank of America Corporate Center, 100 N. Tryon Street, Charlotte, North Carolina 28255.

**SIXTH:** A copy of the Plan of Merger will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of either Constituent Corporation.

**SEVENTH:** The authorized capital stock of MBNA consisted of 1,500,000,000 shares of common stock, par value $0.01 per share, and 20,000,000 shares of preferred stock, par value $0.01 per share.

**EIGHTH:** The Merger shall become effective as of 12:01 a.m., Eastern time, on January 1, 2006.

IN WITNESS WHEREOF, Bank of America has caused this Certificate of Merger to be executed by its duly authorized officer on this 29 day of December, 2005.

BANK OF AMERICA CORPORATION

By: /s/ WILLIAM J. MOSTYN
Name: William J. Mostyn
Title: Secretary

**CERTIFICATE OF ELIMINATION**
**OF**
**FIXED/ADJUSTABLE RATE CUMULATIVE PREFERRED STOCK**
**AND**
**6.75% PERPETUAL PREFERRED STOCK**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151(g)
of the General Corporation Law
of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Company"), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. That, pursuant to Section 151 of the DGCL and the authority granted in the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the Board of Directors of the Company (the "Board"), by resolution duly adopted, authorized the issuance of a series of 805,000 shares of Fixed/Adjustable Rate Cumulative Preferred Stock, without par value (the "Fixed/Adjustable Preferred Stock"), and established the powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof, and, on March 29, 2004, filed a Certificate of Designation with respect to such Fixed/Adjustable Preferred Stock in the office of the Secretary of State of the State of Delaware (the "Secretary of State").

2. That, pursuant to Section 151 of the DGCL and the authority granted in the Certificate of Incorporation, the Board, by resolution duly adopted, authorized the issuance of a series of 690,000 shares of 6.75% Perpetual Preferred Stock, without par value (the "Perpetual Preferred Stock"), and established the powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof, and, on March 29, 2004, filed a Certificate of Designation with respect to such Perpetual Preferred Stock in the office of the Secretary of State.

3. That on May 26, 2006 the Special Preferred Stock Committee of the Board (the "Committee") authorized and approved the redemption of the issued and outstanding shares of Fixed/Adjustable Preferred Stock on July 3, 2006 and the redemption of the Fixed/Adjustable Preferred Stock on July 14, 2006.

4. That all of the issued and outstanding shares of Fixed/Adjustable Preferred Stock were redeemed on July 3, 2006 and all of the issued and outstanding shares of Perpetual Preferred Stock were redeemed on July 14, 2006, and, therefore, no shares of

Fixed/Adjustable Preferred Stock or Perpetual Preferred Stock are outstanding and no shares thereof will be issued subject to such Certificates of Designation.

5. That the Board has adopted the following resolutions:

WHEREAS, by resolution of the Board of Directors of the Company (the "Board") and by a Certificate of Designation filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on March 29, 2004, this Company authorized the issuance of a series of 805,000 shares of Fixed/Adjustable Rate Cumulative Preferred Stock, without par value, of the Company (the "Fixed/Adjustable Preferred Stock") and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof; and

WHEREAS, by resolution of the Board and by a Certificate of Designation filed in the office of the Secretary of State on March 29, 2004, this Company authorized the issuance of a series of 690,000 shares of 6.75% Perpetual Preferred Stock, without par value, of the Company (the "Perpetual Preferred Stock") and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations and restrictions thereof;

WHEREAS, on May 26, 2006, the Special Preferred Stock Committee of the Board (the "Committee") authorized and approved the redemption of all the issued and outstanding shares of the Fixed/Adjustable Preferred Stock on July 3, 2006 and the Perpetual Preferred Stock on July 14, 2006;

WHEREAS, all of the issued and outstanding shares of Fixed/Adjustable Preferred Stock were redeemed on July 3, 2006 and all issued and outstanding shares of Perpetual Preferred Stock were redeemed on July 14, 2006, and, therefore, no shares of Fixed/Adjustable Preferred Stock or Perpetual Preferred Stock are outstanding and no shares thereof will be issued subject to such Certificates of Designation;

WHEREAS, it is desirable that all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be eliminated from the Amended and Restated Certificate of Incorporation, as heretofore amended, of the Company (the "Certificate of Incorporation").

NOW, THEREFORE, BE IT AND IT HEREBY IS:

RESOLVED, that all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be eliminated from the Certificate of Incorporation; and it is further

RESOLVED, that the officers of the Company be, and hereby are, authorized and directed to file a Certificate with the office of the Secretary of State setting forth a copy of these resolutions whereupon all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock shall be eliminated from the Certificate of Incorporation; and it is further

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to take any and all actions, to perform all such acts and things, to execute, file, deliver or record in the name and on behalf of the Corporation, all such certificates, instruments, agreements or other documents, and to make all such payments as they, in their judgment, or in the judgment of any one or more of them, may deem necessary, advisable or appropriate in order to carry out the purpose and intent of the foregoing resolutions and the transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such certificates, instruments, agreements or documents.

6. That, accordingly, all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be, and hereby are, eliminated from the Certificate of Incorporation, as heretofore amended.

IN WITNESS WHEREOF, the Company has caused this Certificate to be signed by its duly authorized officer as of this 31st day of July, 2006.

**BANK OF AMERICA CORPORATION**

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

**CERTIFICATE OF DESIGNATIONS**
**OF**
**6.204% NON-CUMULATIVE PREFERRED STOCK, SERIES D**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on July 26, 2006, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on September 6, 2006, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 13th day of September, 2006.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**TO**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**6.204% NON-CUMULATIVE PREFERRED STOCK, SERIES D**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "6.204% Non-Cumulative Preferred Stock, Series D" (the "*Series D Preferred Stock*"). Each share of Series D Preferred Stock shall be identical in all respects to every other share of Series D Preferred Stock. Series D Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series D Preferred Stock shall be 34,500. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series D Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series D Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series D Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depositary Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series D Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B and (b) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series D Preferred Stock in the payment of dividends and in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

*"Senior Stock"* means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series D Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series D Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

**Section 4. Dividends.**

**(a) Rate**. Holders of Series D Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series D Preferred Stock, and no more, payable quarterly in arrears on each March 14, June 14, September 14 and December 14; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series D Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a *"Dividend Period."* Dividends on each share of Series D Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 6.204%. The record date for payment of dividends on the Series D Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series D Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series D Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series D Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series D Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series D Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series D Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted.

Subject to the succeeding sentence, for so long as any shares of Series D Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series D Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a pro rate basis among the holders of the shares of Series D Preferred Stock and the holders of any Parity Stock. For purposes of calculating the pro rate allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series D Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series D Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series D Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series D Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series D Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series D Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series D Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series D 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 Series D Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series D Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series D Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on September 14, 2011, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series D Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series D Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series D Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series D Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series D Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series D Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series D Preferred Stock at the time outstanding, the shares of Series D Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series D Preferred Stock in proportion to the number of Series D Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series D Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**.

**(a) General.** The holders of Series D Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series D Preferred Stock or any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series D Preferred Stock as to payment of dividends is a "*Preferred Director".*

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series D Preferred Stock and any other class or series of our stock that ranks on parity with Series D Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series D Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series D Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** Whenever full dividends have been paid regularly on the Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series D Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8. Preemption and Conversion**. The holders of Series D Preferred Stock shall not have any rights of preemption or rights to convert such Series D Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series D Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series D Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series D Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares**. Shares of Series D Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund**. Shares of Series D Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES E**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on July 26, 2006, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on October 30, 2006, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 3rd day of November, 2006.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**TO**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES E**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation.** The designation of the series of preferred stock shall be "Floating Rate Non-Cumulative Preferred Stock, Series E" (the "*Series E Preferred Stock*"). Each share of Series E Preferred Stock shall be identical in all respects to every other share of Series E Preferred Stock. Series E Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series E Preferred Stock shall be 85,100. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series E Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series E Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series E Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Calculation Agent*" shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series E Preferred Stock.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Determination Date*" shall have the meaning set forth below in the definition of "Three-Month LIBOR."

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series E Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D and (c) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series E Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Senior Stock*" means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series E Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series E Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Telerate Page 3750*" means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Three-Month LIBOR*" means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the "*Dividend Determination Date*"). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 A.M., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series E Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series E Preferred Stock upon request and will be final and binding in the absence of manifest error.

**Section 4. Dividends.**

**(a) Rate.** Holders of Series E Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series E Preferred Stock, and no more, payable quarterly in arrears on each February 15, May 15, August 15 and November 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series E Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period.*" Dividends on each share of Series E Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to the greater of (i) Three-Month LIBOR plus a spread of 0.35% and (ii) 4.00%. The record date for payment of dividends on the Series E Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series E Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series E Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series E Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series E Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends.** So long as any share of Series E Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series E Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series E Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series E Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a pro rate basis among the holders of the shares of Series E Preferred Stock and the holders of any Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series E Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series E Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series E Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series E Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series E Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series E Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation 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 Series E Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series E 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 Series E Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series E Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series E Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on November 15, 2011, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series E Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series E Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series E Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series E Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series E Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series E Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series E Preferred Stock at the time outstanding, the shares of Series E Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series E Preferred Stock in proportion to the number of Series E Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series E Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series E Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series E Preferred Stock or any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series E Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series E Preferred Stock as to payment of dividends is a "*Preferred Director*."

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series E Preferred Stock and any other class or series of our stock that ranks on parity with Series E Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series E Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series E Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series E Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** Whenever full dividends have been paid regularly on the Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series E Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series E Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8. Preemption and Conversion.** The holders of Series E Preferred Stock shall not have any rights of preemption or rights to convert such Series E Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank.** Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series E Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series E Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase.** Subject to the limitations imposed herein, the Corporation may purchase and sell Series E Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares.** Shares of Series E Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund.** Shares of Series E Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES F**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. At a meeting duly convened and held on April 26, 2006, the Board of Directors of the Corporation (the "*Board*") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "*Committee*") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on February 12, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 15th day of February, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**TO**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES F**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "Floating Rate Non-Cumulative Preferred Stock, Series F" (the "*Series F Preferred Stock*"). Each share of Series F Preferred Stock shall be identical in all respects to every other share of Series F Preferred Stock. Series F Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series F Preferred Stock shall be 7,001. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series F Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series F Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series F Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Calculation Agent*" shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series F Preferred Stock.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Determination Date*" shall have the meaning set forth below in the definition of "Three-Month LIBOR."

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series F Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G and (e) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series F Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Senior Stock*" means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series F Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series F Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Telerate Page 3750*" means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Three-Month LIBOR*" means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the "*Dividend Determination Date*"). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series F Preferred Stock been outstanding. The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series F Preferred Stock upon request and will be final and binding in the absence of manifest error.

**Section 4. Dividends.**

**(a) Rate**. Holders of Series F Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $100,000 per share of Series F Preferred Stock, and no more, payable quarterly in arrears on each March 15, June 15, September 15 and December 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series F Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period.*" Dividends on each share of Series F Preferred Stock will accrue on the liquidation preference of $100,000 per share for each Dividend Period (1) from the date of issuance to, but excluding, the Dividend Payment Date in March 2012 (if issued prior to that date) at a rate per annum equal to Three-Month LIBOR plus a spread of 0.40% and (2) thereafter at a rate per annum equal to the greater of (i) Three-Month LIBOR plus a spread of 0.40% and (ii) 4.00%. The record date for payment of dividends on the Series F Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series F Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series F Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series F Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series F Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series F Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series F Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series F Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period 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. To the extent the Corporation declares dividends on the Series F Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation 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 Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series F Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series F Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series F Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series F Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series F Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $100,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series F Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series F Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series F 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 Series F Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series F Preferred Stock and all holders of any Parity Stock, then the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series F Preferred Stock at the time outstanding, at any time on or after the later of March 15, 2012 and the date of original issuance of the Series F Preferred Stock, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series F Preferred Stock shall be $100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series F Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 15 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series F Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series F Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series F Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series F Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series F Preferred Stock at the time outstanding, the shares of Series F Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series F Preferred Stock in proportion to the number of Series F Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series F Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**. The holders of the Series F Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

**Section 8. Preemption and Conversion**. The holders of Series F Preferred Stock shall not have any rights of preemption or rights to convert such Series F Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series F Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series F Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series F Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares**. Shares of Series F Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund**. Shares of Series F Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**ADJUSTABLE RATE NON-CUMULATIVE PREFERRED STOCK, SERIES G**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. At a meeting duly convened and held on April 26, 2006, the Board of Directors of the Corporation (the "*Board*") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "*Committee*") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on February 12, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 15th day of February, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**TO**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**ADJUSTABLE RATE NON-CUMULATIVE PREFERRED STOCK, SERIES G**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 13. Designation**. The designation of the series of preferred stock shall be "Adjustable Rate Non-Cumulative Preferred Stock, Series G" (the "*Series G Preferred Stock*"). Each share of Series G Preferred Stock shall be identical in all respects to every other share of Series G Preferred Stock. Series G Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 14. Number of Shares**. The number of authorized shares of Series G Preferred Stock shall be 8,501. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series G Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series G Preferred Stock.

**Section 15. Definitions**. As used herein with respect to Series G Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Calculation Agent*" shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series G Preferred Stock.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Determination Date*" shall have the meaning set forth below in the definition of "Three-Month LIBOR."

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series G Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F and (e) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series G Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Senior Stock*" means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series G Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series G Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Telerate Page 3750*" means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Three-Month LIBOR*" means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the "*Dividend Determination Date*"). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series G Preferred Stock been outstanding. The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series G Preferred Stock upon request and will be final and binding in the absence of manifest error.

**Section 16. Dividends**.

**(a) Rate**. Holders of Series G Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $100,000 per share of Series G Preferred Stock, and no more, payable as follows: (i) if the Series G Preferred Stock is issued prior to March 15, 2012, semi-annually in arrears on each March 15 and September 15 through March 15, 2012; and (ii) from and including the later of March 15, 2012 and the date of issuance, quarterly in arrears on each March 15, June 15, September 15 and December 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series G Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period.*" Dividends on each share of Series G Preferred Stock will accrue on the liquidation preference of $100,000 per share for each Dividend Period (1) from the date of issuance to, but excluding, the Dividend Payment Date in March 2012 (if issued prior to that date) at a rate per annum equal to 5.63% and (2) thereafter at a rate per annum equal to the greater of (x) Three-Month LIBOR plus a spread of 0.40% and (y) 4.00%. The record date for payment of dividends on the Series G Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series G Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series G Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of

Series G Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series G Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series G Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series G Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series G Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period 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. To the extent the Corporation declares dividends on the Series G Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation 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 Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series G Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series G Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series G Preferred Stock shall not be entitled to participate in any such dividend.

**Section 17. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series G Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series G Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $100,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series G Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series G Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series G 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 Series G Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series G Preferred Stock and all holders of any Parity Stock, then the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 18. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series G Preferred Stock at the time outstanding, at any time on or after the later of March 15, 2012 and the date of original issuance of the Series G Preferred Stock, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series G Preferred Stock shall be $100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series G Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 15 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series G Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series G Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series G Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series G Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series G Preferred Stock at the time outstanding, the shares of Series G Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series G Preferred Stock in proportion to the number of Series G Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series G Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 19. Voting Rights**. The holders of the Series G Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

**Section 20. Preemption and Conversion**. The holders of Series G Preferred Stock shall not have any rights of preemption or rights to convert such Series G Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 21. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series G Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series G Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 22. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series G Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 23. Unissued or Reacquired Shares**. Shares of Series G Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 24. No Sinking Fund**. Shares of Series G Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**6.625% NON-CUMULATIVE PREFERRED STOCK, SERIES I**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on January 24, 2007, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on September 20, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 25th day of September, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**6.625% NON-CUMULATIVE PREFERRED STOCK, SERIES I**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "6.625% Non-Cumulative Preferred Stock, Series I" (the "*Series I Preferred Stock*"). Each share of Series I Preferred Stock shall be identical in all respects to every other share of Series I Preferred Stock. Series I Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series I Preferred Stock shall be 25,300. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series I Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series I Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series I Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding) and (f) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series I Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

*"Senior Stock"* means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series I Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series I Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

**Section 4. Dividends**.

**(a) Rate**. Holders of Series I Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series I Preferred Stock, and no more, payable quarterly in arrears on each January 1, April 1, July 1, and October 1; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series I Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a *"Dividend Period."* Dividends on each share of Series I Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 6.625%. The record date for payment of dividends on the Series I Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series I Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series I Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series I Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series I Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series I Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series I Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation 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 Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series I Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series I Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series I Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series I Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series I Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series I Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series I Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series I 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 Series I Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series I Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series I Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on October 1, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series I Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series I Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series I Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series I Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series I Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series I Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares of Series I Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series I Preferred Stock in proportion to the number of Series I Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series I Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the

Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**.

**(a) General.** The holders of Series I Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series I Preferred Stock or any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series I Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series I Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director.*"

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series I Preferred Stock and any other class or series of our stock that ranks on parity with Series I Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series I Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series I Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** Whenever full dividends have been paid regularly on the Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series I Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8. Preemption and Conversion**. The holders of Series I Preferred Stock shall not have any rights of preemption or rights to convert such Series I Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series I Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series I Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series I Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares**. Shares of Series I Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund**. Shares of Series I Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**7.25% NON-CUMULATIVE PREFERRED STOCK, SERIES J**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on January 24, 2007, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on November 14, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 19th day of November, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**7.25% NON-CUMULATIVE PREFERRED STOCK, SERIES J**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "7.25% Non-Cumulative Preferred Stock, Series J" (the "*Series J Preferred Stock*"). Each share of Series J Preferred Stock shall be identical in all respects to every other share of Series J Preferred Stock. Series J Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series J Preferred Stock shall be 41,400. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series J Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series J Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series J Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series J Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I and (g) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series J Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

*"Senior Stock"* means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series J Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series J Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

**Section 4. Dividends**.

**(a) Rate**. Holders of Series J Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series J Preferred Stock, and no more, payable quarterly in arrears on each February 1, May 1, August 1 and November 1; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series J Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a *"Dividend Period."* Dividends on each share of Series J Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 7.25%. The record date for payment of dividends on the Series J Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series J Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series J Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series J Preferred Stock shall have no right to receive, dividends accrued for such Dividend

Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series J Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series J Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series J Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series J 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series J Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series J 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. To the extent the Corporation declares dividends on the Series J Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series J Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series J Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series J Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series J Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series J Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series J Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series J Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series J Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series J 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 Series J Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series J Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series J Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on November 1, 2012, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series J Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series J Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series J Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series J Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series J Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series J Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series J Preferred Stock at the time outstanding, the shares of Series J Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series J Preferred Stock in proportion to the number of Series J Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series J Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the

Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**.

**(a) General.** The holders of Series J Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series J Preferred Stock or any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series J Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series J Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series J Preferred Stock and any other class or series of our stock that ranks on parity with Series J Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series J Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series J Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** Whenever full dividends have been paid regularly on the Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series J Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8. Preemption and Conversion**. The holders of Series J Preferred Stock shall not have any rights of preemption or rights to convert such Series J Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series J Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series J Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series J Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares**. Shares of Series J Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund**. Shares of Series J Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**FIXED-TO-FLOATING RATE**
**NON-CUMULATIVE PREFERRED STOCK, SERIES K**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007 and January 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on January 25, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 28th day of January, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**

**CERTIFICATE OF DESIGNATIONS**

**OF**

**FIXED-TO-FLOATING RATE**
**NON-CUMULATIVE PREFERRED STOCK, SERIES K**

**OF**

**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K" (the "*Series K Preferred Stock*"). Each share of Series K Preferred Stock shall be identical in all respects to every other share of Series K Preferred Stock. Series K Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series K Preferred Stock shall be 240,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series K Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series K Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series K Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Calculation Agent*" shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series K Preferred Stock during the Floating Rate Period (as defined below).

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Determination Date*" shall have the meaning set forth below in the definition of "Three-Month LIBOR."

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" shall have the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" shall have the meaning set forth in Section 4(a) hereof.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series K Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L (if and when issued and outstanding), and (i) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series K Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Reuters Screen Page "LIBOR01"*" means the display page so designated on Reuters (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

*"Senior Stock"* means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series K Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series K Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Three-Month LIBOR*" means, with respect to any Dividend Period in the Floating Rate Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen Page "LIBOR01" as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the "*Dividend Determination Date*"). If such rate does not appear on Reuters Screen Page "LIBOR01", Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous 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 (as defined below). The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period in the Floating Rate Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series K Preferred Stock upon request and will be final and binding in the absence of manifest error.

**Section 4. Dividends**.

**(a) Rate**. Holders of Series K Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series K Preferred Stock, and no more, payable (x) for the Fixed Rate Period, semi-annually in arrears on each January 30 and July 30 and (y) for the Floating Rate Period, quarterly in arrears on each January 30, April 30, July 30 and October 30; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series K Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period.*" Dividends on each share of Series K Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate *per annum* equal to (1) 8.00%, for each Dividend Period from the issue date to, but excluding, January 30, 2018 (the "*Fixed Rate Period*"), and (2) Three-Month LIBOR plus a spread of 3.63%, for each Dividend Period from January 30, 2018 to the date of redemption of the Series K Preferred Stock (the "*Floating Rate Period*"). The record date for payment of dividends on the Series K Preferred Stock shall be the fifteenth day of the calendar month in which the Dividend

Payment Date falls. For the Fixed Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. For the Floating Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series K Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series K Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series K Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series K Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series K Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of the Series K Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation’s Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series K Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series K Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation 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 Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series K Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series K Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series K Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series K Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series K Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series K Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series K Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series K 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 Series K Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series K Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series K Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on January 30, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series K Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series K Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series K Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series K Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series K Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series K Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares of Series K Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series K Preferred Stock in proportion to the number of Series K Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series K Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**.

**(a) General.** The holders of Series K Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series K Preferred Stock or any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been 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 (whether consecutive or not), as applicable, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series K Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series K Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series K Preferred Stock and any other class or series of our stock that ranks on parity with Series K Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to

Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series K Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series K Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** Whenever full dividends have been paid regularly on the Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends, if any, for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, then the right of the holders of Series K Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8. Preemption and Conversion**. The holders of Series K Preferred Stock shall not have any rights of preemption or rights to convert such Series K Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series K Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series K Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series K Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11. Unissued or Reacquired Shares**. Shares of Series K Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12. No Sinking Fund**. Shares of Series K Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**7.25% NON-CUMULATIVE PERPETUAL**
**CONVERTIBLE PREFERRED STOCK, SERIES L**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007 and January 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on January 28, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 28th day of January, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

**EXHIBIT A**
**CERTIFICATE OF DESIGNATIONS**
**OF**
**7.25% NON-CUMULATIVE PERPETUAL**
**CONVERTIBLE PREFERRED STOCK, SERIES L**
**OF**
**BANK OF AMERICA CORPORATION**

**Section 1. Designation**. The designation of the series of preferred stock shall be "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L", $0.01 par value, with a liquidation preference of $1,000 per share (the "*Series L Preferred Stock*"). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series L Preferred Stock shall be 6,900,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by further resolution duly adopted by the Board, the Committee or any other duly authorized committee of the Board and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series L Preferred Stock:

"*Applicable Conversion Price*" at any given time means, for each share of Series L Preferred Stock, the price equal to $1,000 divided by the Applicable Conversion Rate in effect at such time.

"*Applicable Conversion Rate*" means the Conversion Rate in effect at any given time.

"*Base Price*" has the meaning set forth in Section 6(d)(i).

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or required by law or regulation to close in New York, New York or in Charlotte, North Carolina.

"*Closing Price*" of the Common Stock on any determination date means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on such date. If the Common Stock is not traded on the New York Stock Exchange on any determination date, the Closing Price of the Common Stock on such determination date means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm retained by the Corporation for this purpose.

For purposes of this Certificate of Designations, all references herein to the "Closing Price" and "last reported sale price" of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (http://www.nyse.com) and as reported by Bloomberg Professional Service; *provided* that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange will govern.

"*Common Stock*" means the common stock, $0.01 par value, of the Corporation.

"*Conversion Agent*" shall mean Computershare Trust Company, N.A. and Computershare Inc. collectively acting in their capacity as conversion agent for the Series L Preferred Stock, and their respective successors and assigns.

"*Conversion Date*" has the meaning set forth in Section 6(a)(v)(B).

"*Conversion Rate*" means for each share of Series L Preferred Stock, 20 shares of Common Stock, plus cash in lieu of fractional shares, subject to adjustment as set forth herein.

"*Current Market Price*" of the Common Stock on any day, means the average of the VWAP of the Common Stock over each of the ten consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in Section 7(a)(i) through (vi).

"*Depository*" means DTC or its nominee or any successor depository appointed by the Corporation.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Threshold Amount*" has the meaning set forth in Section 7(a)(v).

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Exchange Property*" has the meaning set forth in Section 8(a).

"*Ex-Date*," when used with respect to any issuance or distribution, means the first date on which the Common Stock or other securities trade without the right to receive the issuance or distribution.

"*Fundamental Change*" has the meaning set forth in Section 6(d)(i).

"*Holder*" means the Person in whose name the shares of Series L Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar, paying agent and Conversion Agent as the absolute owner of the shares of Series L Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

"*Junior Stock*" means the Common Stock and any other class or series of capital stock of the Corporation over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Make-Whole Acquisition*" means the occurrence, prior to any Conversion Date, of one of the following:

(a) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form, or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of common equity of the Corporation representing more than 50% of the voting power of the Common Stock; or

(b) consummation of the Corporation's consolidation or merger or similar transaction or any sale, lease, or other transfer in one transaction or a series of related transactions of all or substantially all of the Corporation's and the Corporation's subsidiaries' consolidated assets, taken as a whole, to any Person other than one of the Corporation's subsidiaries, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property, other than pursuant to a transaction in which the persons that "beneficially owned" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, voting shares immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the total voting power of all outstanding classes of voting shares of the continuing or surviving person immediately after the transaction;

*provided, however* that a Make-Whole Acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of the Common Stock in the transaction or transactions consists of shares of common stock or American Depositary Receipts in respect of common stock that are traded on a U.S. national securities exchange or securities exchange in the European Economic Area or that will be so traded when issued or exchanged in connection with a Make-Whole Acquisition.

"*Make-Whole Acquisition Conversion*" has the meaning set forth in Section 6(c)(i).

"*Make-Whole Acquisition Conversion Period*" has the meaning set forth in Section 6(c)(i).

"*Make-Whole Acquisition Effective Date*" has the meaning set forth in Section 6(c)(i).

"*Make-Whole Acquisition Stock Price*" means the price paid per share of Common Stock in the event of a Make-Whole Acquisition. If the holders of shares of Common Stock receive only cash in the Make-Whole Acquisition, the Make-Whole Acquisition Stock Price will be the cash amount paid per share of Common Stock. Otherwise, the Make-Whole Acquisition Stock Price shall be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the Make-Whole Acquisition Effective Date.

"*Make-Whole Shares*" has the meaning set forth in Section 6(c)(i).

"*Nonpayment*" has the meaning set forth in Section 11(b)(i).

"*Notice of Optional Conversion*" has the meaning set forth in Section 6(b)(iii).

"*Optional Conversion Date*" has the meaning set forth in Section 6(b)(iii).

"*Parity Stock*" means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K (if and when issued and outstanding) and (i) any other class or series of capital stock of the Corporation hereafter authorized that ranks on par with the Series L Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Person*" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

"*Preferred Director*" has the meaning set forth in Section 11(b)(i).

"*Purchased Shares*" has the meaning set forth in Section 7(a)(vi)

"*Reference Price*" means the price paid per share of Common Stock in the event of a Fundamental Change. If the holders of shares of Common Stock receive only cash in the Fundamental Change, the Reference Price shall be the cash amount paid per share. Otherwise, the Reference Price will be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the effective date of the Fundamental Change.

"*Reorganization Event*" has the meaning set forth in Section 8.

"*Registrar*" means Computershare Trust Company, N.A. or its nominee or any successor or registrar appointed by the Corporation.

"*Senior Stock"* means any class or series of capital stock of the Corporation authorized which has preference or priority over the Series L Preferred Stock as to the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Series L Preferred Stock*" has the meaning set forth in Section 1.

"s*pin-off*" has the meaning set forth in Section 7(a)(iv).

"*Trading Day*" for purposes of determining the VWAP or Closing Price means a day on which the shares of Common Stock:

(a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

"*Transfer Agent*" means Computershare Trust Company, N.A. acting as Transfer Agent, Registrar, and Conversion Agent for the Series L Preferred Stock, and its successors and assigns.

"*Voting Parity Securities*" has the meaning set forth in Section 11(b)(i).

"*VWAP*" means, per share of the Common Stock on any Trading Day, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "BAC UN <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant Trading Day until the close of trading on the relevant Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of the Common Stock on such trading days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the Corporation) retained for this purpose by the Corporation).

**Section 4. Dividends**.

**(a) Rate**. Holders of Series L Preferred Stock shall be entitled to receive, when, as and if declared by the Board or any duly authorized committee of the Board, but only out of assets legally available under Delaware law for payment, non-cumulative cash dividends on the liquidation preference of $1,000 per share of Series L Preferred Stock, and no more, payable quarterly in arrears on each January 30, April 30, July 30 and October 30 of each year, beginning on April 30, 2008; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the

Series L Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*". Dividends on each share of Series L Preferred Stock will accrue on the liquidation preference of $1,000 per share at a rate per annum equal to 7.25%. The record date for payment of dividends on the Series L Preferred Stock shall be the first day of the calendar month in which the relevant Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series L Preferred Stock will cease to accrue after conversion, as described below. If the Corporation issues additional shares of the Series L Preferred Stock, dividends on those additional shares will accrue from the preceding scheduled Dividend Payment Date at the dividend rate.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series L Preferred Stock shall be non-cumulative. Accordingly, if for any reason the Board or a duly authorized committee of the Board does not declare a dividend on the Series L Preferred Stock for a Dividend Period prior to the related Dividend Payment Date, that dividend will not accrue, and the Corporation will have no obligation to pay a dividend for that Dividend Period on the Dividend Payment Date or at any time in the future, whether or not the Board or a duly authorized committee of the Board declares a dividend on the Series L Preferred Stock or any other series of the Corporation's preferred stock or Common Stock for any future Dividend Period.

**(c) Dividend Stopper**. So long as any share of Series L Preferred Stock remains outstanding, (i) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock (other than a dividend payable solely in shares of Junior Stock), (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock will be repurchased, redeemed, or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series L 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 then-current Dividend Period on all outstanding shares of Series L 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 the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreements) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series L Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series L Preferred Stock and on any Parity Stock but does not make full payment of such declared dividends, the Corporation 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 Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series L Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. The Corporation is not obligated to and will not pay Holders of the Series L Preferred Stock any interest or sum of money in lieu of interest on any dividend not paid on a Dividend Payment Date. The Corporation is not obligated to and will not pay Holders of the Series L Preferred Stock any dividend in excess of the dividends on the Series L Preferred Stock that are payable as described herein. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board or any duly authorized committee of the Board may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series L Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Right to Convert**. Each Holder shall have the right, at such Holder's option, at any time, to convert all or any portion of such Holder's Series L Preferred Stock into shares of Common Stock at the Applicable Conversion Rate (subject to the conversion procedures set forth in Section 6 herein) plus cash in lieu of fractional shares.

**Section 6. Conversion**.

**(a) Conversion Procedures**.

(i) Effective immediately prior to the close of business on the Optional Conversion Date or any applicable Conversion Date, dividends shall no longer be declared on any converted shares of Series L Preferred Stock and such shares of Series L Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders to receive any declared and unpaid dividends on such shares and any other payments to which they are otherwise entitled pursuant to Section 5, Section 6(b), Section 6(c), Section 6(d), Section 8 or Section 12 hereof, as applicable.

(ii) Prior to the close of business on the Optional Conversion Date or any applicable Conversion Date, shares of Common Stock issuable upon conversion of, or other securities issuable upon conversion of, any shares of Series L Preferred Stock shall not be deemed outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock or other securities issuable upon conversion) by virtue of holding shares of Series L Preferred Stock.

(iii) Shares of Series L Preferred Stock duly converted in accordance with the terms hereof, or otherwise reacquired by the Corporation, will resume the status of authorized and unissued preferred stock, undesignated as to series and available for future issuance. The Corporation may from time-to-time take such appropriate action as may be necessary to reduce the authorized number of shares of Series L Preferred Stock.

(iv) The Person or Persons entitled to receive the Common Stock and/or securities issuable upon conversion of Series L Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or securities as of the close of business on the Optional Conversion Date or any applicable Conversion Date. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series L Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation or, in the case of global certificates, through book-entry transfer through the Depository.

(v) Conversion into shares of Common Stock will occur on the Optional Conversion Date or any applicable Conversion Date as follows:

(A) On the Optional Conversion Date, certificates representing shares of Common Stock shall be issued and delivered to Holders or their designee upon presentation and surrender of the certificate evidencing the Series L Preferred Stock to the Conversion Agent if shares of the Series L Preferred Stock are held in certificated form, and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes. If a Holder’s interest is a beneficial interest in a global certificate representing Series L Preferred Stock, a book-entry transfer through the Depository will be made by the Conversion Agent upon compliance with the Depository’s procedures for converting a beneficial interest in a global security.

(B) On the date of any conversion at the option of Holders pursuant to Section 5, Section 6(b), Section 6(c) or Section 6(d), if a Holder’s interest is in certificated form, a Holder must do each of the following in order to convert:

(1) complete and manually sign the conversion notice provided by the Conversion Agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the Conversion Agent;

(2) surrender the shares of Series L Preferred Stock to the Conversion Agent;

(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, pay all transfer or similar taxes; and

(5) if required, pay funds equal to any declared and unpaid dividend payable on the next Dividend Payment Date to which such Holder is entitled.

If a Holder’s interest is a beneficial interest in a global certificate representing Series L Preferred Stock, in order to convert a Holder must comply with paragraphs (3) through (5) listed above and comply with the Depository’s procedures for converting a beneficial interest in a global security.

The date on which a Holder complies with the procedures in this clause (v) is the "*Conversion Date*."

(C) The Conversion Agent shall, on a Holder's behalf, convert the Series L Preferred Stock into shares of Common Stock, in accordance with the terms of the notice delivered by such Holder described in clause (B) above. If the Conversion Date is prior to the record date relating to any declared dividend for the Dividend Period in which a Holder elects to convert, the Holder will not receive any declared dividends for that Dividend Period. If the Conversion Date is after the record date relating to any declared dividend and prior to the Dividend Payment Date, the Holder will receive that dividend on the relevant Dividend Payment Date if the Holder was the holder of record on the record date for that dividend. However, if the Conversion Date is after the record date and prior to the Dividend Payment Date, whether or not the Holder was the holder of record on the record date, the Holder must pay to the Conversion Agent when it converts its shares of Series L Preferred Stock an amount in cash equal to the full dividend actually paid on the Dividend Payment Date for the then-current Dividend Period on the shares of Series L Preferred Stock being converted, unless the Holder's shares of Series L Preferred Stock are being converted as a result of a conversion pursuant to Section 6(b), Section 6(c) or Section 6(d).

**(b) Conversion at the Corporation's Option**.

(i) On or after January 30, 2013, the Corporation may, at its 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 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 the Common Stock exceeds 130% of the then-Applicable Conversion Price of the Series L Preferred Stock. If the Corporation exercises its optional conversion right on January 30, 2013, it will still pay any dividend payable (in accordance with Section 4) on January 30, 2013 to the applicable Holders of record. The Corporation will provide notice of its optional conversion within five Trading Days of the end of the 30 consecutive Trading Day period.

(ii) If the Corporation elects to cause less than all of the Series L Preferred Stock to be converted under clause (i) above, the Conversion Agent will select the Series L Preferred Stock to be converted by lot, or on a *pro rata* basis or by another method the Conversion Agent considers fair and appropriate, including any method required by DTC or any successor depository (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series L Preferred Stock is then traded or quoted). If the Conversion Agent selects a portion of a Holder's Series L Preferred Stock for partial conversion at the Corporation's option and such Holder converts a portion of its shares of Series L Preferred Stock, the converted portion will be deemed to be from the portion selected for conversion at the Corporation's option under this Section 6(b).

(iii) If the Corporation exercises the optional conversion right described in this Section 6(b), the Corporation shall provide notice of such conversion by first class mail to each Holder of record for the shares of Series L Preferred Stock to be converted (such notice a "*Notice of Optional Conversion*") or issue a press release for publication and make this information available on its website. The Conversion Date shall be a date selected by the Corporation (the

"*Optional Conversion Date*"), and the Notice of Optional Conversion must be mailed, or the Corporation must issue the press release, not more than 20 days prior to the Optional Conversion Date. In addition to any information required by applicable law or regulation, the Notice of Optional Conversion or press release shall state, as appropriate:

(A) the Optional Conversion Date;

(B) the aggregate number of shares of Series L Preferred Stock to be converted and, if less than all of the shares of Series L Preferred Stock are to be converted, the percentage of shares of Series L Preferred Stock to be converted; and

(C) the number of shares of Common Stock to be issued upon conversion of each share of Series L Preferred Stock.

**(c) Conversion Upon Make-Whole Acquisition**.

(i) In the event of a Make-Whole Acquisition, each Holder shall have the option to convert its shares of Series L Preferred Stock (a "*Make-Whole Acquisition Conversion*") during the period (the "*Make-Whole Acquisition Conversion Period*") beginning on the effective date of the Make-Whole Acquisition (the "*Make-Whole Acquisition Effective Date*") and ending on the date that is 30 days after the Make-Whole Acquisition Effective Date and receive an additional number of shares of Common Stock (the "*Make-Whole Shares*") as set forth in clause (ii) below.

(ii) The number of Make-Whole Shares per share of Series L Preferred Stock shall be determined by reference to the table below for the applicable Make-Whole Acquisition Effective Date and the applicable Make-Whole Acquisition Stock Price:

| Effective Date | $40.00 | $41.00 | $42.00 | $44.00 | $47.00 | $50.00 | $60.00 | $80.00 | $110.00 | $150.00 | $200.00 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1/24/2008 | 5.0000 | 4.7993 | 4.6190 | 4.2023 | 3.6851 | 3.2540 | 2.1450 | 1.0450 | 0.5164 | 0.2765 | 0.1468 |
| 1/30/2009 | 5.0000 | 4.7512 | 4.4643 | 4.1386 | 3.5702 | 3.1760 | 2.0317 | 0.9563 | 0.4682 | 0.2480 | 0.1285 |
| 1/30/2010 | 5.0000 | 4.6439 | 4.2929 | 3.9886 | 3.3830 | 2.9300 | 1.7617 | 0.6462 | 0.2287 | 0.1033 | 0.0390 |
| 1/30/2011 | 5.0000 | 4.6049 | 4.2429 | 3.9250 | 3.3170 | 2.8040 | 1.5650 | 0.5300 | 0.1964 | 0.1067 | 0.0500 |
| 1/30/2012 | 5.0000 | 4.5780 | 4.2405 | 3.8386 | 3.2596 | 2.5840 | 1.2667 | 0.2313 | 0.0755 | 0.0429 | 0.0206 |
| 1/30/2013 | 5.0000 | 4.5366 | 4.2214 | 3.7932 | 3.1660 | 2.5260 | 1.0217 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Thereafter | 5.0000 | 4.5366 | 4.2214 | 3.7932 | 3.1660 | 2.5260 | 1.0217 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

(A) The exact Make-Whole Acquisition Stock Prices and Make-Whole Acquisition Effective Dates may not be set forth in the table, in which case:

(1) if the Make-Whole Acquisition Stock Price is between two Make-Whole Acquisition Stock Price amounts in the table or the Make-Whole Acquisition Effective Date is between two dates in the table, the number of Make-Whole Shares will be determined by straight-line interpolation between the number of Make-Whole Shares set forth for the higher and lower Make-Whole Acquisition Stock Price amounts and the two Make-Whole Acquisition Effective Dates, as applicable, based on a 365-day year;

(2) if the Make-Whole Acquisition Stock Price is in excess of $200.00 per share (subject to adjustment pursuant to Section 7 hereof), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock; and

(3) if the Make-Whole Acquisition Stock Price is less than $40.00 per share (subject to adjustment pursuant to Section 7 hereof), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock.

(B) The Make-Whole Acquisition Stock Prices set forth in the table above are subject to adjustment pursuant to Section 7 hereof and shall be adjusted as of any date the Conversion Rate is adjusted. The adjusted Make-Whole Acquisition Stock Prices will equal the Make-Whole Acquisition Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Make-Whole Acquisition Stock Prices adjustment and the denominator of which is the Conversion Rate as so adjusted. Each of the number of Make-Whole Shares in the table shall also be subject to adjustment in the same manner as the Conversion Rate pursuant to Section 7.

(iii) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Make-Whole Acquisition; and

(B) the date, which shall be 30 days after the anticipated Make-Whole Acquisition Effective Date, by which a Make-Whole Acquisition Conversion must be exercised.

(iv) On the Make-Whole Acquisition Effective Date, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the Make-Whole Acquisition Effective Date;

(B) the number of Make-Whole Shares;

(C) the amount of cash, securities and other consideration receivable by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Make-Whole Acquisition.

(v) To exercise a Make-Whole Acquisition Conversion option, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the Make-Whole Acquisition Conversion option must be exercised as specified in the notice delivered under clause (iv) above, comply with the procedures set forth in Section 6(a)(v)(B).

(vi) If a Holder does not elect to exercise the Make-Whole Acquisition Conversion option pursuant to this Section 6(c), the shares of Series L Preferred Stock or successor security held by it will remain outstanding, and the Holder will not be eligible to receive Make-Whole Shares.

(vii) Upon a Make-Whole Acquisition Conversion, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 6(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to Make-Whole Shares in the Make-Whole Acquisition.

(viii) In the event that a Make-Whole Acquisition Conversion is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such Make-Whole Acquisition Conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation or its successors, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a Make-Whole Acquisition Conversion was not effected.

**(d) Conversion Upon Fundamental Change**.

(i) In lieu of receiving the Make-Whole Shares, if the Reference Price 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 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 and (2) $19.95, subject to adjustment as described in clause (ii) below (the "*Base Price*"). If the Reference Price is less than the Base Price, Holders will receive a maximum of 50.1253 shares of Common Stock per share of Series L Preferred Stock converted, subject to adjustment as described in clause (ii) below.

(ii) The Base Price shall be adjusted as of any date the Conversion Rate of the Series L Preferred Stock is adjusted pursuant to Section 7. The adjusted Base Price shall equal the Base Price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Conversion Rate adjustment and the denominator of which is the Conversion Rate as so adjusted.

(iii) In lieu of issuing Common Stock upon conversion in the event of a Fundamental Change, the Corporation may at its option, and if it obtains Federal Reserve Board approval, pay an amount in cash (computed to the nearest cent) equal to the Reference Price for each share of Common Stock otherwise issuable upon conversion.

(iv) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Fundamental Change, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Fundamental Change; and

(B) the date, which shall be 30 days after the anticipated effective date of a Fundamental Change, by which a Fundamental Change conversion must be exercised.

(v) On the effective date of a Fundamental Change, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the effective date of the Fundamental Change;

(B) the adjusted conversion price following the Fundamental Change;

(C) the amount of cash, securities and other consideration received by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Fundamental Change.

(vi) To exercise its conversion option upon a Fundamental Change, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the conversion option upon the Fundamental Change must be exercised as specified in the notice delivered under clause (v) above, comply with the procedures set forth in Section 6(a)(v)(B) and indicate that it is exercising the Fundamental Change conversion option.

(vii) If a Holder does not elect to exercise its conversion option upon a Fundamental Change pursuant to this Section 6(d), the Holder will not be eligible to convert such Holder’s shares at the Base Price and such Holder’s shares of Series L Preferred Stock or successor security held by it will remain outstanding.

(viii) Upon a conversion upon a Fundamental Change, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 6(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to the adjusted conversion price following the Fundamental Change.

(ix) In the event that a conversion upon a Fundamental Change is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a conversion upon a Fundamental Change was not effected.

**Section 7. Anti-Dilution Adjustments**.

(a) The Conversion Rate shall be subject to the following adjustments.

(i) **Stock Dividend Distributions**. If the Corporation pays dividends or other distributions on the Common Stock in shares of Common Stock, then the Conversion Rate in effect immediately following the record date for such dividend or distribution will be multiplied by the following fraction:

$$\frac{OS_1}{OS_0}$$

Where,

$OS_0$ = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution.

$OS_1$ = the sum of the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution plus the total number of shares of Common Stock constituting such dividend.

Notwithstanding the foregoing, no adjustment will be made for the issuance of the Common Stock as a dividend or distribution to all holders of Common Stock that is made in lieu of quarterly dividends or distributions to such holders, to the extent such dividend or distribution does not exceed the dividend threshold amount defined in clause (v) below. For purposes of this paragraph, the amount of any dividend or distribution will equal the number of shares being issued multiplied by the average VWAP of the Common Stock over each of the five consecutive Trading Days prior to the record date for such distribution.

(ii) **Subdivisions, Splits, and Combination of the Common Stock** If the Corporation subdivides, splits, or combines the shares of Common Stock, then the Conversion Rate in effect immediately following the effective date of such share subdivision, split, or combination will be multiplied by the following fraction:

$$\frac{OS_1}{OS_0}$$

Where,

$OS_0$ = the number of shares of Common Stock outstanding immediately prior to the effective date of such share subdivision, split, or combination.

$OS_1$ = the number of shares of Common Stock outstanding immediately after the opening of business on the effective date of such share subdivision, split, or combination.

(iii) **Issuance of Stock Purchase Rights**. If the Corporation issues to all holders of the shares of Common Stock rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans) entitling them, for a period of up to 60 days from the date of issuance of such rights or warrants, to subscribe for or purchase the shares of Common Stock (or securities convertible into shares of Common Stock) at less than (or having a conversion price per share less than) the Current Market Price on the date fixed for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Rate in effect immediately following the close of business on the record date for such distribution will be multiplied by the following fraction:

$$\frac{OS_0 + X}{OS_0 + Y}$$

Where,

$OS_0$ = the number of shares of Common Stock outstanding at the close of business on the record date for such distribution.

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants (or upon conversion of such securities).

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities) divided by the Current Market Price.

To the extent that such rights or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In determining the aggregate offering price payable for such shares of Common Stock, the Conversion Agent will take into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board).

(iv) **Debt or Asset Distributions**. If the Corporation distributes to all holders of shares of Common Stock evidences of indebtedness, shares of capital stock (other than Common Stock), securities, or other assets (excluding any dividend or distribution referred to in clauses (i) or (ii) above, any rights or warrants referred to in clause (iii) above, any dividend or distribution paid exclusively in cash, any consideration payable in connection with a tender or exchange offer made by the Corporation or any of its subsidiaries, and any dividend of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit in the case of certain spin-off transactions as described below), then the Conversion Rate in effect immediately following the close of business on the record date for such distribution will be multiplied by the following fraction:

$$\frac{SP_0}{SP_0 - FMV}$$

Where,

$SP_0$ = the Current Market Price per share of Common Stock on the Ex-Date.

FMV = the fair market value of the portion of the distribution applicable to one share of Common Stock on the date immediately preceding the Ex-Date as determined by the Board.

In a spin-off, where the Corporation makes a distribution to all holders of shares of Common Stock consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary or other business unit, the Conversion Rate will be adjusted on the fifteenth Trading Day after the effective date of the distribution by multiplying such Conversion Rate in effect immediately prior to such fifteenth Trading Day by the following fraction:

$$\frac{MP_0 + MP_s}{MP_0}$$

Where,

$MP_0$ = the average of the VWAP of the Common Stock over each of the first ten Trading Days commencing on and including the fifth Trading Day following the effective date of such distribution.

$MP_s$ = the average of the VWAP of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock over each of the first ten Trading Days commencing on and including the fifth Trading Day following the effective date of such distribution, or, if not traded on a national or regional securities exchange or over-the-counter market, the fair market value of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock on such date as determined by the Board.

(v) **Cash Distributions**. If the Corporation makes a distribution consisting exclusively of cash to all holders of the Common Stock, excluding (a) any cash dividend on the Common Stock to the extent that the aggregate cash dividend per share of the Common Stock does not exceed $0.64 in any fiscal quarter (the "*Dividend Threshold Amount*"), (b) any cash that is distributed in a Reorganization Event or as part of a spin-off referred to in clause (iv) above, (c) any dividend or distribution, in connection with the Corporation's liquidation, dissolution, or winding up, and (d) any consideration payable in connection with a tender or exchange offer made by the Corporation or any of its subsidiaries, then in each event, the Conversion Rate in effect immediately following the record date for such distribution will be multiplied by the following fraction:

$$\frac{SP_0}{SP_0 - DIV}$$

Where,

$SP_0$ = the VWAP per share of Common Stock on the Trading Day immediately preceding the Ex-Date.

DIV = the cash amount per share of Common Stock of the dividend or distribution, as determined pursuant to the following paragraph.

If an adjustment is required to be made as set forth in this clause as a result of a distribution (1) that is a regularly scheduled quarterly dividend, such adjustment would be based on the amount by which such dividend exceeds the Dividend Threshold Amount or (2) that is not a regularly scheduled quarterly dividend, such adjustment would be based on the full amount of such distribution.

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Conversion Rate is adjusted; *provided* that no adjustment will be made to the Dividend Threshold Amount for any adjustment made to the Conversion Rate pursuant to this clause (v).

(vi) **Self-Tender Offers and Exchange Offers**. If the Corporation or any of its subsidiaries successfully completes a tender or exchange offer for the Common Stock where the cash and the value of any other consideration included in the payment per share of the Common Stock exceeds the VWAP per share of the Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer, then the Conversion Rate in effect at the close of business on such immediately succeeding Trading Day will be multiplied by the following fraction:

$$\frac{AC + (SP_0\ x\ OS_1)}{OS_0 \text{ x } SP_0}$$

Where,

$SP_0$ = the VWAP per share of Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer.

$OS_0$ = the number of shares of Common Stock outstanding immediately prior to the expiration of the tender or exchange offer, including any shares validly tendered and not withdrawn (the "*Purchased Shares*").

$OS_1$ = the number of shares of Common Stock outstanding immediately after the expiration of the tender or exchange offer, less any Purchased Shares.

AC = the aggregate cash and fair market value of the other consideration payable in the tender or exchange offer, as determined by the Board.

In the event that the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Corporation, or such subsidiary, is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender offer or exchange offer had not been made.

(vii) **Rights Plans**. To the extent that the Corporation has a rights plan in effect with respect to the Common Stock on any Conversion Date, upon conversion of any shares of the Series L Preferred Stock, Holders will receive, in addition to the shares of Common Stock, the rights under the rights plan, unless, prior to such Conversion Date, the rights have separated from the shares of Common Stock, in which case the Conversion Rate will be adjusted at the time of separation as if the Corporation had made a distribution to all holders of the Common Stock as described in clause (iv) above, subject to readjustment in the event of the expiration, termination, or redemption of such rights.

(b) The Corporation may make such increases in the Conversion Rate, in addition to any other increases required by this Section 7, if the Corporation deems it advisable in order to avoid or diminish any income tax to holders of the Common Stock resulting from any dividend or distribution of shares of Common Stock (or issuance of rights or warrants to acquire shares of Common Stock) or from any event treated as such for income tax purposes or for any other reason.

(c)(i) All adjustments to the Conversion Rate shall be calculated to the nearest 1/10,000th of a share of Common Stock. No adjustment in the Conversion Rate will be made unless such adjustment would require an increase or decrease of at least one percent therein; *provided*, that any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment; *provided further* that on the Optional Conversion Date, the Make-Whole Acquisition Effective Date or the effective date of a Fundamental Change, adjustments to the Conversion Rate will be made with respect to any such adjustment carried forward and which has not been taken into account before such date.

(ii) No adjustment to the Conversion Rate shall be made if Holders may participate in the transaction that would otherwise give rise to an adjustment, as a result of holding the Series L Preferred Stock, without having to convert the Series L Preferred Stock, as if they held the full number of shares of Common Stock into which their shares of the Series L Preferred Stock may then be converted.

(iii) The Applicable Conversion Rate will not be adjusted:

(A) upon the issuance of any shares of the Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation’s securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(B) upon the issuance of any shares of the Common Stock or rights or warrants to purchase those shares pursuant to any present or future employee, director, or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries;

(C) upon the issuance of any shares of the Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the shares of the Series L Preferred Stock were first issued;

(D) for a change in the par value or no par value of the Common Stock; or

(E) for accrued and unpaid dividends on the Series L Preferred Stock.

(d) Whenever the Conversion Rate is to be adjusted in accordance with Section 7(a) or Section 7(b), the Corporation shall: (i) compute the Conversion Rate in accordance with Section 7(a) or Section 7(b), taking into account the one percent threshold set forth in Section 7(c) hereof, and prepare and transmit to the Transfer Agent an officer's certificate setting forth the Conversion Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; (ii) as soon as practicable following the occurrence of an event that requires an adjustment to the Conversion Rate pursuant to Section 7(a) or Section 7(b), taking into account the one percent threshold set forth in Section 7(c) hereof (or if the Corporation is not aware of such occurrence, as soon as practicable after becoming so aware), provide, or cause to be provided, a written notice to the Holders of the occurrence of such event; and (iii) as soon as practicable following the determination of the revised Conversion Rate in accordance with Section 7(a) or Section 7(b) hereof, provide, or cause to be provided, a written notice to the Holders setting forth in reasonable detail the method by which the adjustment to the Conversion Rate was determined and setting forth the revised Conversion Rate.

**Section 8. Reorganization Events**.

(a) In the event of:

(i) the Corporation's consolidation or merger with or into another Person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another Person;

(ii) any sale, transfer, lease, or conveyance to another Person of all or substantially all of the Corporation's property and assets, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property; or

(iii) any statutory exchange of the Corporation's securities with another Person (other than in connection with a merger or acquisition);

(any such event specified in this Section 8(a), a "*Reorganization Event*"); each share of Series L Preferred Stock outstanding immediately prior to such Reorganization Event will, without the consent of Holders, become convertible into the kind of securities, cash, and other property receivable in such Reorganization Event by a holder of the shares of Common Stock that was not the counterparty to the Reorganization Event or an affiliate of such other party (such securities, cash, and other property, the "*Exchange Property*").

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the Holders are entitled to receive will be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of the Common Stock that affirmatively make an election (or of all such holders if none make an election). On each Conversion Date following a Reorganization Event, the Conversion Rate then in effect will be applied to the value on such Conversion Date of the securities, cash, or other property received per share of Common Stock, determined as set forth above. The amount of Exchange Property receivable upon conversion of any Series L Preferred Stock in accordance with Section 5, Section 6(b), Section 6(c) or Section 6(d) hereof shall be determined based upon the then Applicable Conversion Rate.

(c) The above provisions of this Section 8 shall similarly apply to successive Reorganization Events and the provisions of Section 7 shall apply to any shares of capital stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 8.

**Section 9. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series L Preferred Stock shall be entitled, out of assets legally available for distribution to stockholders before any distribution of the assets of the Corporation may be made to the Holders of any Junior Stock to receive in full a liquidating distribution in the amount of the liquidation preference of $1,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. After payment of this liquidating distribution, the holders of Series L Preferred Stock will not be entitled to any further participation in any distribution of the Corporation’s assets in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation. Distributions will be made only to the extent of the Corporation’s assets remaining available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series L Preferred Stock and *pro rata* as to the Series L Preferred Stock and any other shares of the Corporation’s stock ranking equally as to such distribution.

**(b) Partial Payment**. If the assets of the Corporation 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 Series L Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series L 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 Series L Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 9, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or business of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 10. Redemption**.

The Series L Preferred Stock shall not be redeemable either at the Corporation's option or at the option of the Holders at any time.

**Section 11. Voting Rights**.

**(a) General.** The holders of Series L Preferred Stock shall not be entitled to vote on any matter except as set forth in Section 11(b) below or as required by Delaware law.

**(b) Special Voting Right**.

**(i) Voting Right.** If and whenever dividends on the Series L Preferred Stock or any other class or series of preferred stock ranking equally with Series L Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted by this Section 11 have been conferred ("*Voting Parity Securities*") and are exercisable, have not been declared and paid for the equivalent of at least six or more quarterly Dividend Periods (whether consecutive or not (a "*Nonpayment*")), the number of directors constituting the Board shall be increased by two, and the Holders of the outstanding shares of Series L Preferred Stock voting as a class with holders of any series of the Corporation's preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist, shall have the right, voting separately as a single class without regard to series, with voting rights allocated *pro rata* based on liquidation preference, to the exclusion of the holders of Common Stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and provided further that the Board shall at no time include more than two such directors. Each such director elected by the holders of shares of Series L Preferred Stock and any Voting Parity Securities is a "*Preferred Director*." Any Preferred Director elected by the holders of the Series L Preferred Stock and any Parity Stock may only be removed by the vote of the holders of record of the outstanding Series L Preferred Stock and any such Parity Stock, voting together as a single and separate class, at a meeting of the Corporation's stockholders called for that purpose. Any vacancy created by the removal of any Preferred Director may be filled only by the vote of the holders of the outstanding Series L Preferred Stock and any such Parity Stock, voting together as a single and separate class.

Notwithstanding the foregoing, without the consent of the Holders, so long as such action does not adversely affect the interests of the Holders, the Corporation may amend, alter, supplement, or repeal any terms of the Series L Preferred Stock for the following purposes:

(1) to cure any ambiguity, or to cure, correct, or supplement any provision contained in this Certificate of Designations that may be ambiguous, defective, or inconsistent; or

(2) to make any provision with respect to matters or questions relating to the Series L Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the Holders Series L Preferred Stock and any Voting Parity Securities with exercisable voting rights, called as provided herein. At any time after the special voting right has vested pursuant to Section 11(b)(i) above, the secretary of the Corporation may, and upon the written request of any Holder of Series L Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series L Preferred Stock and any Voting Parity Securities with exercisable voting rights, for the election of the two directors to be elected by them as provided in Section 11(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii) Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any Holder of Series L Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 11(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 11(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the Holders of the Series L Preferred Stock (voting together on a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv) Termination; Removal.** The voting rights described above will terminate, except as provided by law, upon the earlier of (A) the conversion of all of the Series L Preferred Stock or (B) the payment of full dividends on the Series L Preferred Stock and any other series of the Corporation's preferred stock, if any, for the equivalent of at least four quarterly Dividend Periods (but subject to revesting in the case of any similar non-payment of dividends in respect of future Dividend Periods) following a Nonpayment on the Series L Preferred Stock and any other series of the Corporation's preferred stock. Upon termination of the special voting right described above, the terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series L Preferred Stock (voting together as a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist).

**Section 12.** Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series L Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion at the Corporation's option pursuant to Section 5 hereof or any conversion at the option of the Holder pursuant to Section 6(b), Section 6(c) or Section 6(d) hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the effective date of conversion.

(c) If more than one share of the Series L Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series L Preferred Stock so surrendered.

**Section 13.** Reservation of Common Stock.

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock or shares held in the treasury by the Corporation, solely for issuance upon the conversion of shares of Series L Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series L Preferred Stock then outstanding, at the Applicable Conversion Price subject to adjustment as described under Section 7. For purposes of this Section 13(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series L Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon conversion of shares of Series L Preferred Stock, as herein provided, shares of Common

Stock acquired by the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such acquired shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon conversion of the Series L Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(d) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series L Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(e) The Corporation hereby covenants and agrees that, if at any time the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all the Common Stock issuable upon conversion of the Series L Preferred Stock; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series L Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series L Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

**Section 14. Preemption**. The Holders of Series L Preferred Stock shall not have any rights of preemption.

**Section 15. Rank**. Notwithstanding anything set forth in the Corporation's Amended and Restated Certificate of Incorporation or this Certificate of Designations to the contrary, the Board, the Committee or any authorized committee of the Board, without the vote of the Holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series L Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 16. Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell shares of Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board or any duly authorized committee of the Board may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 17. Unissued or Reacquired Shares**. Shares of Series L Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series and shall be available for subsequent issuance.

**Section 18. No Sinking Fund**. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS**
**OF**
**FIXED-TO-FLOATING RATE**
**NON-CUMULATIVE PREFERRED STOCK, SERIES M**
**OF**
**BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007, January 23, 2008 and April 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on April 25, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 29th day of April, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

## EXHIBIT A

## CERTIFICATE OF DESIGNATIONS

## OF

## FIXED-TO-FLOATING RATE
## NON-CUMULATIVE PREFERRED STOCK, SERIES M

## OF

## BANK OF AMERICA CORPORATION

**Section 1. Designation**. The designation of the series of preferred stock shall be "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M" (the "*Series M Preferred Stock*"). Each share of Series M Preferred Stock shall be identical in all respects to every other share of Series M Preferred Stock. Series M Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series M Preferred Stock shall be 160,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series M Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series M Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series M Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

"*Calculation Agent*" shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series M Preferred Stock during the Floating Rate Period (as defined below).

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Determination Date*" shall have the meaning set forth below in the definition of "Three-Month LIBOR."

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Corporation’s common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series M Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation’s 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation’s 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation’s Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation’s Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation’s Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation’s 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation’s 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation’s Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, (i) the Corporation’s 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, and (j) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series M Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

*“Reuters Screen Page “LIBOR01””* means the display page so designated on Reuters (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

*“Senior Stock”* means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series M Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series M Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

*“Three-Month LIBOR”* means, with respect to any Dividend Period in the Floating Rate Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen Page “LIBOR01” as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the *“Dividend Determination*

*Date"*). If such rate does not appear on Reuters Screen Page "LIBOR01", Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous 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 (as defined below). The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period in the Floating Rate Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series M Preferred Stock upon request and will be final and binding in the absence of manifest error.

**Section 4.** **Dividends**.

**(a)** **Rate**. Holders of Series M Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series M Preferred Stock, and no more, payable (x) for the Fixed Rate Period, semi-annually in arrears on each May 15 and November 15, beginning on November 15, 2008, and (y) for the Floating Rate Period, quarterly in arrears on each February 15, May 15, August 15, and November 15, beginning on August 15, 2018; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from, and including, the date of issuance of the Series M Preferred Stock or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "*Dividend Period.*" Dividends on each share of Series M Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate *per annum* equal to (1) 8.125%, for each Dividend Period from the issue date to, but excluding, May 15, 2018 (the "*Fixed Rate Period*"), and (2) Three-Month LIBOR plus a spread of 3.64%, for each Dividend Period from, and including, May 15, 2018 to the date of redemption of the Series M Preferred

Stock (the "*Floating Rate Period*"). The record date for payment of dividends on the Series M Preferred Stock shall be the last day of the calendar month immediately preceding the month in which the Dividend Payment Date falls. For the Fixed Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. For the Floating Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series M Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series M Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series M Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series M Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

**(c) Priority of Dividends**. So long as any share of Series M Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, 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 shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series M Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case 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. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series M Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity 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. To the extent the Corporation declares dividends on the Series M Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation 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 Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series M Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series M Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series M Preferred Stock shall not be entitled to participate in any such dividend.

**Section 5. Liquidation Rights**.

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series M Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series M Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series M Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation 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 Series M Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series M 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 Series M Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series M Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption**.

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series M Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on May 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series M Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series M Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series M Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series M Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series M Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series M Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series M Preferred Stock at the time outstanding, the shares of Series M Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series M Preferred Stock in proportion to the number of Series M Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series M Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

**Section 7. Voting Rights**.

**(a) General.** The holders of Series M Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

**(b) Special Voting Right.**

**(i) Voting Right.** If and whenever dividends on the Series M Preferred Stock or any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been 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 (whether consecutive or not), as applicable, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series M Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series M Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

**(ii) Election.** The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series M Preferred Stock and any other class or series of our stock that ranks on parity with Series M Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series M Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

**(iii)** **Notice of Special Meeting.** Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series M Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

**(iv)** **Termination; Removal.** Whenever full dividends have been paid regularly on the Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends, if any, for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, then the right of the holders of Series M Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

**Section 8.** **Preemption and Conversion**. The holders of Series M Preferred Stock shall not have any rights of preemption or rights to convert such Series M Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9.** **Rank**. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series M Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series M Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 10.** **Repurchase**. Subject to the limitations imposed herein, the Corporation may purchase and sell Series M Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

**Section 11.** **Unissued or Reacquired Shares**. Shares of Series M Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

**Section 12.** **No Sinking Fund**. Shares of Series M Preferred Stock are not subject to the operation of a sinking fund.

**Bank of America Corporation and Subsidiaries** **Exhibit 12**

**Ratio of Earnings to Fixed Charges**

**Ratio of Earnings to Fixed Charges and Preferred Dividends**

| (Dollars in millions) | Three Months Ended March 31, 2008 | Year Ended December 31 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| ***Excluding Interest on Deposits*** | | | | | | |
| Income before income taxes | **$1,798** | $20,924 | $31,973 | $24,480 | $20,908 | $15,781 |
| Equity in undistributed earnings of unconsolidated subsidiaries | **(106)** | (95) | (315) | (151) | (135) | (125) |
| Fixed charges: | | | | | | |
| Interest expense | **7,280** | 34,778 | 29,514 | 18,397 | 9,072 | 6,105 |
| 1/3 of net rent expense [(1)] | **187** | 669 | 609 | 585 | 512 | 398 |
| Total fixed charges | **7,467** | 35,447 | 30,123 | 18,982 | 9,584 | 6,503 |
| Preferred dividend requirements | **282** | 254 | 33 | 27 | 23 | 6 |
| Fixed charges and preferred dividends | **7,749** | 35,701 | 30,156 | 19,009 | 9,607 | 6,509 |
| **Earnings** | **$9,159** | $56,276 | $61,781 | $43,311 | $30,357 | $22,159 |
| **Ratio of earnings to fixed charges** | **1.23** | 1.59 | 2.05 | 2.28 | 3.17 | 3.41 |
| **Ratio of earnings to fixed charges and preferred dividends** | **1.18** | 1.58 | 2.05 | 2.28 | 3.16 | 3.40 |

| (Dollars in millions) | Three Months Ended March 31, 2008 | Year Ended December 31 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| ***Including Interest on Deposits*** | | | | | | |
| Income before income taxes | **$1,798** | $20,924 | $31,973 | $24,480 | $20,908 | $15,781 |
| Equity in undistributed earnings of unconsolidated subsidiaries | **(106)** | (95) | (315) | (151) | (135) | (125) |
| Fixed charges: | | | | | | |
| Interest expense | **11,868** | 52,871 | 43,994 | 27,889 | 14,993 | 10,667 |
| 1/3 of net rent expense [(1)] | **187** | 669 | 609 | 585 | 512 | 398 |
| Total fixed charges | **12,055** | 53,540 | 44,603 | 28,474 | 15,505 | 11,065 |
| Preferred dividend requirements | **282** | 254 | 33 | 27 | 23 | 6 |
| Fixed charges and preferred dividends | **12,337** | 53,794 | 44,636 | 28,501 | 15,528 | 11,071 |
| **Earnings** | **$13,747** | $74,369 | $76,261 | $52,803 | $36,278 | $26,721 |
| **Ratio of earnings to fixed charges** | **1.14** | 1.39 | 1.71 | 1.85 | 2.34 | 2.41 |
| **Ratio of earnings to fixed charges and preferred dividends** | **1.11** | 1.38 | 1.71 | 1.85 | 2.34 | 2.41 |

(1) Represents an appropriate interest factor.

**Exhibit 31(a)**

**Certification Pursuant to Section 302**
**of the Sarbanes-Oxley Act of 2002**
**for the Chief Executive Officer**

I, Kenneth D. Lewis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2008

/s/ Kenneth D. Lewis
Kenneth D. Lewis
Chairman, Chief Executive
Officer and President

**Exhibit 31(b)**

**Certification Pursuant to Section 302**
**of the Sarbanes-Oxley Act of 2002**
**for the Chief Financial Officer**

I, Joe L. Price, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2008

/s/ Joe L. Price
Joe L. Price
Chief Financial Officer

**Exhibit 32(a)**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906**
**of the Sarbanes-Oxley Act of 2002**

I, Kenneth D. Lewis, state and attest that:

1. I am the Chief Executive Officer of Bank of America Corporation (the registrant).

2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

   - the Quarterly Report on Form 10-Q of the registrant for the quarter ended March 31, 2008 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

   - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant as of, and for, the periods presented.

Date: May 8, 2008

/s/ Kenneth D. Lewis
Kenneth D. Lewis
Chairman, Chief Executive
Officer and President

**Exhibit 32(b)**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906**
**of the Sarbanes-Oxley Act of 2002**

I, Joe L. Price, state and attest that:

1. I am the Chief Financial Officer of Bank of America Corporation (the registrant).

2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

    - the Quarterly Report on Form 10-Q of the registrant for the quarter ended March 31, 2008 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

    - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant as of, and for, the periods presented.

Date: May 8, 2008

/s/ Joe L. Price
Joe L. Price
Chief Financial Officer