


Subject to Completion  
 Preliminary Term Sheet dated January 5, 2009

<p>Units          Accelerated Return Notes<sup>SM</sup>          Linked to the S&amp;P 500<sup>®</sup> Index,          due April , 2010          \$10 principal amount per unit          Term Sheet No.</p>	<p>Expected Pricing Date*      January , 2009          Settlement Date*          February , 2009          Maturity Date*              April , 2010          CUSIP No.</p>
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## Accelerated Return Notes<sup>SM</sup>

- 3-to-1 upside exposure, subject to a cap of 24.00% to 28.00%
- A maturity of approximately 14 months
- 1-to-1 downside exposure, with no downside limit
- Linked to the S&P 500<sup>®</sup> Index
- No periodic interest payments
- Application may be made to list on NYSE Arca under the symbol "SJD"
- This debt is **not** guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program

**STRUCTURED INVESTMENTS**

PRINCIPAL PROTECTION  
 ENHANCED INCOME  
 MARKET PARTICIPATION  
 ENHANCED PARTICIPATION



The ARNs are being offered by Bank of America Corporation ("BAC"). The ARNs will have the terms specified in this term sheet as supplemented by the documents indicated herein under "Additional Terms" (together, the "Note Prospectus"). Investing in the ARNs involves a number of risks. See "[Risk Factors](#)" on page TS-5 of this term sheet and beginning on page S-9 of product supplement ARN-1.

Unless otherwise indicated or unless the context requires otherwise, all references in this document to "we," "us," "our," or similar references are to BAC. References to "MLPF&S" are to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

In connection with this offering, each of MLPF&S and its broker-dealer affiliate First Republic Securities Company, LLC is acting in its capacity as a principal.

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

	Per Unit	Total
Public offering price (1)	\$10.00	\$
Underwriting discount (1)	\$0.20	\$
Proceeds, before expenses, to Bank of America Corporation	\$9.80	\$

(1) The public offering price and underwriting discount for any purchase of 500,000 units or more in a single transaction by an individual investor will be \$9.95 per unit and \$0.15 per unit, respectively.

\*Depending on the date the ARNs are priced for initial sale to the public (the "pricing date"), which may be in January or February 2009, the settlement date may occur in January or February 2009 and the maturity date may occur in March or April 2010. Any reference in this term sheet to the month in which the pricing date, settlement date or maturity date will occur is subject to change as specified above.

"Accelerated Return Notes<sup>SM</sup>" is a service mark of our subsidiary, Merrill Lynch & Co., Inc.

"ARNs<sup>®</sup>" is a registered service mark of Merrill Lynch & Co., Inc.

"Standard & Poor's<sup>®</sup>", "Standard & Poor's 500<sup>®</sup>", "S&P 500<sup>®</sup>", and "S&P<sup>®</sup>" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by our subsidiary, MLPF&S. We are an authorized sublicensee. The ARNs are not sponsored, endorsed, sold, or promoted by Standard & Poor's<sup>®</sup> and Standard & Poor's<sup>®</sup> makes no representation regarding the advisability of investing in the ARNs.

## **Merrill Lynch & Co.**

January , 2009



## Summary

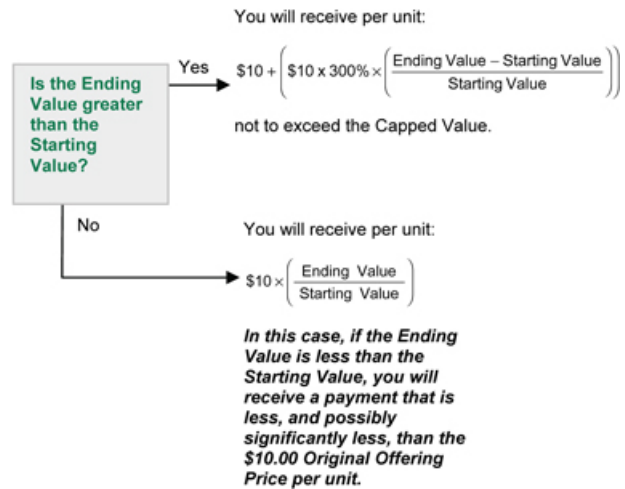
The Accelerated Return Notes<sup>SM</sup> Linked to the S&P 500<sup>®</sup> Index, due April , 2010 (the "ARNs") are our senior unsecured debt securities and are not guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral. The ARNs will rank equally with all of our other unsecured and unsubordinated debt, and any payments due on the ARNs, including any repayment of principal, will be subject to the credit risk of BAC. The ARNs provide a leveraged return for investors, subject to a cap, if the level of the S&P 500<sup>®</sup> Index (the "Index") increases moderately from the Starting Value of the Index, determined on the pricing date, to the Ending Value of the Index, determined during the Maturity Valuation Period. Investors must be willing to forgo interest payments on the ARNs and willing to accept a return that is capped or a repayment that is less, and potentially significantly less, than the Original Offering Price of the ARNs.

Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement ARN-1.

## Terms of the ARNs

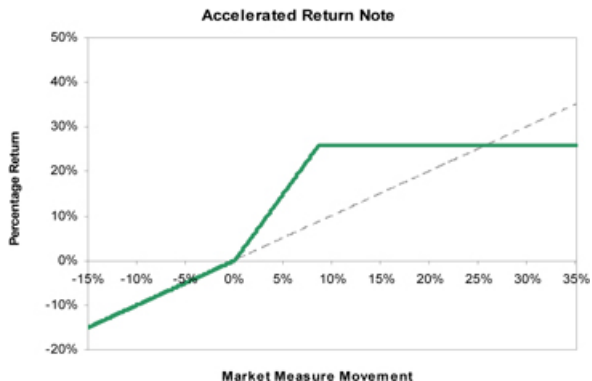
<b>Issuer:</b>	Bank of America Corporation ("BAC")
<b>Original Offering Price:</b>	\$10 per unit
<b>Term:</b>	Approximately 14 months
<b>Market Measure:</b>	S&P 500 <sup>®</sup> Index (index symbol "SPX")
<b>Starting Value:</b>	The closing level of the Index on the pricing date. The Starting Value will be determined on the pricing date and will be set forth in the final term sheet made available in connection with sales of the ARNs.
<b>Ending Value:</b>	The average of the closing levels of the Index on the five Calculation Days occurring during the Maturity Valuation Period, as more fully described in product supplement ARN-1.
<b>Capped Value:</b>	\$12.40 to \$12.80 per unit of the ARNs, which represents a return of 24.00% to 28.00% over the \$10 Original Offering Price. The actual Capped Value of the ARNs will be determined on the pricing date and will be set forth in the final term sheet made available in connection with sales of the ARNs.
<b>Maturity Valuation Period:</b>	Five scheduled Market Measure Business Days shortly before the maturity date, determined as of the pricing date and set forth in the final term sheet that will be made available in connection with sales of the ARNs.
<b>Calculation Agent:</b>	MLPF&S, a subsidiary of BAC.

## Determining the Redemption Amount for the ARNs





## Hypothetical Payout Profile



This graph reflects the **hypothetical** returns on the ARNs, assuming a Capped Value of \$12.60 (a 26.0% return), the midpoint of the Capped Value range of \$12.40 to \$12.80. The green line reflects the **hypothetical** returns on the ARNs, while the dotted gray line reflects the **hypothetical** returns of a direct investment in the stocks included in the Index, excluding dividends.

This graph has been prepared for purposes of illustration only. Your actual return will depend on the actual Starting Value, Ending Value, Capped Value and the term of your investment.

## Hypothetical Payments at Maturity

### Examples

Set forth below are three examples of payment at maturity calculations (rounded to two decimal places), assuming a **hypothetical** Starting Value of 872.80, the closing level of the Index on December 26, 2008, and a Capped Value of \$12.60, the midpoint of the range of \$12.40 and \$12.80.

**Example 1**—The **hypothetical** Ending Value is 80% of the **hypothetical** Starting Value:

Hypothetical Starting Value: 872.80  
 Hypothetical Ending Value: 698.24

$$\$10 \times \left( \frac{698.24}{872.80} \right) = \$8.00$$

Payment at maturity (per unit) = \$8.00

**Example 2**—The **hypothetical** Ending Value is 102% of the **hypothetical** Starting Value:

Hypothetical Starting Value: 872.80  
 Hypothetical Ending Value: 890.26

$$\$10 + \left( \$10 \times 300\% \times \left( \frac{890.26 - 872.80}{872.80} \right) \right) = \$10.60$$

Payment at maturity (per unit) = \$10.60

**Example 3**—The **hypothetical** Ending Value is 150% of the **hypothetical** Starting Value:

Hypothetical Starting Value: 872.80  
 Hypothetical Ending Value: 1,309.20

$$\$10 + \left( \$10 \times 300\% \times \left( \frac{1,309.20 - 872.80}{872.80} \right) \right) = \$25.00$$

Payment at maturity (per unit) = \$12.60 (Payment at maturity cannot be greater than the Capped Value)



The following table illustrates, for a **hypothetical** Starting Value of 872.80 (the closing level of the Index on December 26, 2008) and a range of **hypothetical** Ending Values of the Index:

- the percentage change from the **hypothetical** Starting Value to the **hypothetical** Ending Value;
- the Redemption Amount per unit (rounded to two decimal places);
- the total rate of return to holders of the ARNs;
- the pretax annualized rate of return to holders of the ARNs; and
- the pretax annualized rate of return of a hypothetical investment in the stocks included in the Index, which includes an assumed aggregate dividend yield of 3.29% per annum, as more fully described below.

The table below assumes a Capped Value of \$12.60, the midpoint of the Capped Value range of \$12.40 and \$12.80.

Hypothetical Ending Value	Percentage change from the hypothetical Starting Value to the hypothetical Ending Value	Redemption Amount per unit	Total rate of return on the ARNs	Pretax annualized rate of return on the ARNs (1)	Pretax annualized rate of return of the stocks included in the Index (1)(2)
436.40	-50.00%	\$5.00	-50.00%	-51.19%	-47.27%
523.68	-40.00%	\$6.00	-40.00%	-39.16%	-35.44%
610.96	-30.00%	\$7.00	-30.00%	-28.23%	-24.66%
698.24	-20.00%	\$8.00	-20.00%	-18.16%	-14.71%
785.52	-10.00%	\$9.00	-10.00%	-8.79%	-5.42%
802.98	-8.00%	\$9.20	-8.00%	-6.99%	-3.63%
820.43	-6.00%	\$9.40	-6.00%	-5.21%	-1.87%
837.89	-4.00%	\$9.60	-4.00%	-3.45%	-0.12%
855.34	-2.00%	\$9.80	-2.00%	-1.72%	1.60%
872.80 (3)	0.00%	\$10.00	0.00%	0.00%	3.30%
890.26	2.00%	\$10.60	6.00%	5.03%	4.99%
907.71	4.00%	\$11.20	12.00%	9.91%	6.66%
925.17	6.00%	\$11.80	18.00%	14.63%	8.31%
942.62	8.00%	\$12.40	24.00%	19.22%	9.94%
960.08	10.00%	\$12.60 (4)	26.00%	20.72%	11.55%
1,047.36	20.00%	\$12.60	26.00%	20.72%	19.39%
1,134.64	30.00%	\$12.60	26.00%	20.72%	26.87%
1,221.92	40.00%	\$12.60	26.00%	20.72%	34.03%
1,309.20	50.00%	\$12.60	26.00%	20.72%	40.90%

- (1) The annualized rates of return specified in this column are calculated on a semiannual bond equivalent basis and assume an investment term from December 31, 2008 to March 2, 2010, a term expected to be similar to that of the ARNs.
- (2) This rate of return assumes:
  - (a) a percentage change in the aggregate price of the stocks included in the Index that equals the percentage change in the level of the Index from the **hypothetical** Starting Value to the relevant **hypothetical** Ending Value;
  - (b) a constant dividend yield of 3.29% per annum, paid quarterly from the date of initial delivery of the ARNs, applied to the level of the Index at the end of each quarter, assuming this value increases or decreases linearly from the **hypothetical** Starting Value to the applicable **hypothetical** Ending Value; and
  - (c) no transaction fees or expenses.
- (3) This is the **hypothetical** Starting Value, the closing level of the Index on December 26, 2008. The actual Starting Value will be determined on the pricing date and will be set forth in the final term sheet made available in connection with sales of the ARNs.
- (4) The Redemption Amount per unit of the ARNs cannot exceed the assumed Capped Value of \$12.60 (the midpoint of the range of \$12.40 and \$12.80). The actual Capped Value will be determined on the pricing date and will be set forth in the final term sheet made available in connection with sales of the ARNs.

The above figures are for purposes of illustration only. The actual amount you receive and the resulting total and pretax annualized rates of return will depend on the actual Starting Value, Ending Value, Capped Value and the term of your investment.



## Risk Factors

An investment in the ARNs involves significant risks. The following is a list of certain of the risks involved in investing in the ARNs. You should carefully review the more detailed explanation of risks relating to the ARNs in the "Risk Factors" sections included in the product supplement ARN-1 and MTN prospectus supplement identified below under "Additional Terms". We also urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the ARNs.

- Your investment may result in a loss; there is no guaranteed return of principal.
- Your yield may be less than the yield on a conventional debt security of comparable maturity.
- Your return, if any, is limited to the return represented by the Capped Value.
- Your investment return may be less than a comparable investment directly in the stocks included in the Index.
- You must rely on your own evaluation of the merits of an investment linked to the Index.
- In seeking to provide you with what we believe to be commercially reasonable terms for the ARNs while providing MLPF&S with compensation for its services, we have considered the costs of developing, hedging, and distributing the ARNs.
- We cannot assure you that a trading market for your ARNs will ever develop or be maintained.
- The Redemption Amount will not be affected by all developments relating to the Index.
- S&P<sup>®</sup> may adjust the Index in a way that affects its level, and S&P<sup>®</sup> has no obligation to consider your interests.
- You will have no rights as a holder of the securities represented by the Index, and you will not be entitled to receive any of those securities or dividends or other distributions by the issuers of those securities.
- Except to the extent that our common stock is included in the Index, we do not control any company included in the Index, and are not responsible for any disclosure made by any other company.
- If you attempt to sell ARNs prior to maturity, their market value, if any, will be affected by various factors that interrelate in complex ways, and their market value may be less than their Original Offering Price.
- Payments on ARNs are subject to our credit risk, and changes in our credit ratings are expected to affect the value of ARNs.
- Purchases and sales by us and our affiliates may affect your return.
- Our trading and hedging activities may create conflicts of interest with you.
- Our hedging activities may affect the Starting Value, the Ending Value, the Redemption Amount, and the market value of ARNs.
- Our business activities relating to the companies represented by the Index may create conflicts of interest with you.
- There may be potential conflicts of interest involving the calculation agent. We have the right to appoint and remove the calculation agent.
- The U.S. federal income tax consequences of ARNs are uncertain, and may be adverse to a holder of ARNs. See "Certain U.S. Federal Income Taxation Considerations" below.

## Investor Considerations

### You may wish to consider an investment in the ARNs if:

- You anticipate that the Index will appreciate moderately from the Starting Value to the Ending Value.
- You accept that your investment may result in a loss, which could be significant, if the level of the Index decreases from the Starting Value to the Ending Value.
- You accept that the return on the ARNs will not exceed the return represented by the Capped Value.
- You are willing to forgo interest payments on the ARNs, such as fixed or floating rate interest paid on traditional interest bearing debt securities.
- You want exposure to the Index with no expectation of dividends or other benefits of owning the underlying securities.
- You are willing to accept that there is no assurance that the ARNs will be listed or remain listed on NYSE Arca. You understand that any listing does not ensure that a trading market will develop for the ARNs or that there will be liquidity in any trading market. You understand that secondary market prices for the ARNs, if any, will be affected by various factors, including our perceived creditworthiness.

### The ARNs may not be appropriate investments for you if:

- You anticipate that the Index will depreciate from the Starting Value to the Ending Value or that the Index will not appreciate sufficiently over the term of the ARNs to provide you with your desired return.
- You are seeking principal protection or preservation of capital.
- You seek a return on your investment that will not be capped at a percentage that will be between 24.00% and 28.00%.
- You seek interest payments or other current income on your investment.
- You want to receive dividends or other distributions paid on the stocks included in the Index.
- You want assurances that there will be a liquid market if and when you want to sell the ARNs prior to maturity.



## Other Provisions

We may deliver the ARNs against payment therefor in New York, New York on a date that is in excess of three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement on the ARNs occurs more than three business days from the pricing date, purchasers who wish to trade ARNs more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

If you place an order to purchase these offered securities, you are consenting to each of MLPF&S and its broker-dealer affiliate First Republic Securities Company, LLC acting as a principal in effecting the transaction for your account. MLPF&S is acting as an underwriter and/or selling agent for this offering and will receive underwriting compensation from BAC.

## Supplement to the Plan of Distribution

MLPF&S and First Republic Securities Company, LLC, each a broker-dealer subsidiary of BAC, are members of the Financial Industry Regulatory Authority, Inc. (formerly the National Association of Securities Dealers, Inc. (the "NASD")) and will participate in the distribution of the ARNs. Accordingly, offerings of the ARNs will conform to the requirements of NASD Rule 2720. In the original offering of the ARNs, the ARNs will be sold in minimum investment amounts of 100 units.

MLPF&S and First Republic Securities Company, LLC may use this Note Prospectus for offers and sales in secondary market transactions and market-making transactions in the ARNs but are not obligated to engage in such secondary market transactions and/or market-making transactions. MLPF&S and First Republic Securities Company, LLC may act as principal or agent in these transactions, and any such sales will be made at prices related to prevailing market prices at the time of the sale.



## The Index

### The S&P 500<sup>®</sup> Index

We have obtained all information regarding the S&P 500<sup>®</sup> Index contained in this term sheet, including its make up, method of calculation, and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, S&P<sup>®</sup>. S&P<sup>®</sup>, which owns the copyright and all other rights to the S&P 500<sup>®</sup> Index, has no obligation to continue to publish, and may discontinue publication of, the S&P 500<sup>®</sup> Index. The consequences of S&P<sup>®</sup> discontinuing publication of the S&P 500<sup>®</sup> Index are discussed in the section of product supplement ARN-1 entitled "Description of the ARNs —Discontinuance of a Market Measure." We do not assume any responsibility for the accuracy or completeness of any information relating to the S&P 500<sup>®</sup> Index.

The S&P 500<sup>®</sup> Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the S&P 500<sup>®</sup> Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of November 28, 2008, 414 companies or 83.6% of the market capitalization of the S&P 500<sup>®</sup> Index traded on the New York Stock Exchange; 86 companies or 16.4% of the market capitalization of the S&P 500<sup>®</sup> Index traded on The NASDAQ Stock Market; and no companies traded on the NYSE Alternext U.S. stock exchange (formerly known as the American Stock Exchange). As of November 28, 2008, the aggregate market value of the companies included in the S&P 500 Index represented approximately 76% of the aggregate market value of stocks included in the Standard & Poor's Stock Guide Database of domestic common stocks traded in the U.S., excluding American depository receipts, limited partnerships and mutual funds.

S&P<sup>®</sup> chooses companies for inclusion in the S&P 500<sup>®</sup> Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its Stock Guide Database of over 10,000 companies, which S&P<sup>®</sup> uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P<sup>®</sup> include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock generally is responsive to changes in the affairs of the respective industry, and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the S&P 500<sup>®</sup> Index, with the approximate percentage of the market capitalization of the S&P 500<sup>®</sup> Index included in each group as of November 28, 2008 indicated in parentheses: Consumer Discretionary (8.0%); Consumer Staples (13.1%); Energy (14.3%); Financials (13.4%); Health Care (14.0%); Industrials (11.0%); Information Technology (15.1%); Materials (3.0%); Telecommunication Services (3.8%) and Utilities (4.2%). S&P<sup>®</sup> from time to time, in its sole discretion, may add companies to, or delete companies from, the S&P 500<sup>®</sup> Index to achieve the objectives stated above.

S&P<sup>®</sup> calculates the S&P 500<sup>®</sup> Index by reference to the prices of the constituent stocks of the S&P 500<sup>®</sup> Index without taking account of the value of dividends paid on those stocks. As a result, the return on the ARNs will not reflect the return you would realize if you actually owned the S&P 500<sup>®</sup> Index constituent stocks and received the dividends paid on those stocks.

### Computation of the S&P 500<sup>®</sup> Index

While S&P<sup>®</sup> currently employs the following methodology to calculate the S&P 500<sup>®</sup> Index, no assurance can be given that S&P<sup>®</sup> will not modify or change this methodology in a manner that may affect the Redemption Amount.

Historically, the market value of any component stock of the S&P 500<sup>®</sup> Index was calculated as the product of the market price per share and the number of the then outstanding shares of such component stock. In March 2005, S&P<sup>®</sup> began shifting the S&P 500<sup>®</sup> Index half way from a market capitalization weighted formula to a float-adjusted formula, before moving the S&P 500<sup>®</sup> Index to full float adjustment on September 16, 2005. S&P<sup>®</sup>'s criteria for selecting stocks for the S&P 500<sup>®</sup> Index did not change by the shift to float adjustment. However, the adjustment affects each company's weight in the S&P 500<sup>®</sup> Index.

Under float adjustment, the share counts used in calculating the S&P 500<sup>®</sup> Index reflect only those shares that are available to investors, not all of a company's outstanding shares. S&P<sup>®</sup> defines three groups of shareholders whose holdings are subject to float adjustment:

- holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners, or leveraged buyout groups;
- holdings by government entities, including all levels of government in the U.S. or foreign countries; and
- holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors, or founders, as well as holdings of trusts, foundations, pension funds, employee stock ownership plans, or other investment vehicles associated with and controlled by the company.

However, treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that group are excluded from the float-adjusted count of shares to be used in the index calculation. Mutual funds, investment advisory firms, pension funds, or foundations not associated with the company and investment funds in insurance companies, shares of a U.S. company traded in Canada as "exchangeable shares," shares that trust beneficiaries may buy or sell without difficulty or significant additional expense beyond typical brokerage fees, and, if a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class if such shares are convertible by shareholders without undue delay and cost, are also part of the float.





For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares, defined as the total shares outstanding less shares held in one or more of the three groups listed above where the group holdings exceed 10% of the outstanding shares, by the total shares outstanding. The float-adjusted index is then calculated by dividing the sum of the IWF multiplied by both the price and the total shares outstanding for each stock by the index divisor. For companies with multiple classes of stock, S&P<sup>®</sup> calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The S&P 500<sup>®</sup> Index is calculated using a base-weighted aggregate methodology: the level of the S&P 500<sup>®</sup> Index reflects the total market value of all 500 component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the value easier to work with and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed value of 10. This is often indicated by the notation 1941-43 = 10. In practice, the daily calculation of the S&P 500<sup>®</sup> Index is computed by dividing the total market value of the component stocks by the "index divisor." By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the S&P 500<sup>®</sup> Index, it serves as a link to the original base period level of the S&P 500<sup>®</sup> Index. The index divisor keeps the S&P 500<sup>®</sup> Index comparable over time and is the manipulation point for all adjustments to the S&P 500<sup>®</sup> Index, which is index maintenance.

#### Index Maintenance

S&P 500<sup>®</sup> Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the S&P 500<sup>®</sup> Index, and do not require index divisor adjustments.

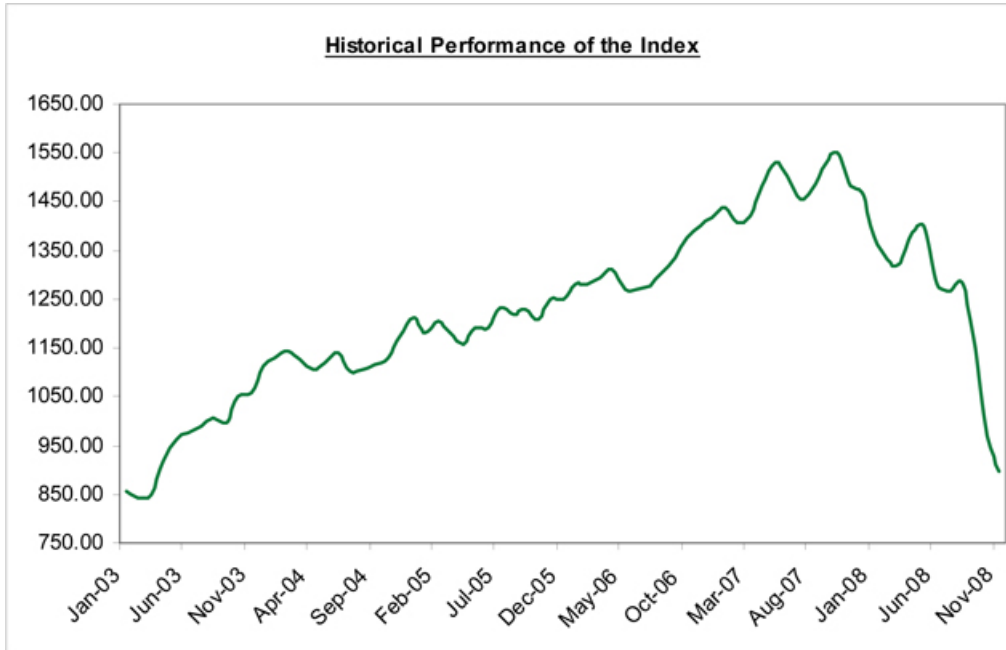
To prevent the level of the S&P 500<sup>®</sup> Index from changing due to corporate actions, corporate actions which affect the total market value of the S&P 500<sup>®</sup> Index require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the S&P 500<sup>®</sup> Index remains constant and does not reflect the corporate actions of individual companies in the S&P 500<sup>®</sup> Index. Index divisor adjustments are made after the close of trading and after the calculation of the S&P 500<sup>®</sup> Index closing level.

Changes in a company's shares outstanding of 5.00% or more due to mergers, acquisitions, public offerings, private placements, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. All other changes of 5.00% or more (due to, for example, company stock repurchases, redemptions, exercise of options, warrants, subscription rights, conversion of preferred stock, notes, debt, equity participation units, or other recapitalizations) are made weekly and are announced on Tuesdays for implementation after the close of trading on Wednesday. Changes of less than 5.00% are accumulated and made quarterly on the third Friday of March, June, September, and December, and are usually announced two days prior.

Changes in IWFs of more than ten percentage points caused by corporate actions (such as merger and acquisition activity, restructurings, or spinoffs) will be made as soon as reasonably possible. Other changes in IWFs will be made annually, in September, when IWFs are reviewed.



The following graph sets forth the monthly historical performance of the Index in the period from January 2003 through November 2008. This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the Notes may be. Any historical upward or downward trend in the level of the Index during any period set forth below is not an indication that the Index is more or less likely to increase or decrease at any time over the term of the Notes. On December 26, 2008, the closing level of the Index was 872.80.



Before investing in the ARNs, you should consult publicly available sources for the levels and trading pattern of the S&P 500<sup>®</sup> Index. The generally unsettled international environment and related uncertainties, including the risk of terrorism, may result in financial markets generally and the S&P 500<sup>®</sup> Index exhibiting greater volatility than in earlier periods.

**License Agreement**

Standard & Poor's<sup>®</sup> ("S&P<sup>®</sup>") does not guarantee the accuracy and/or the completeness of the S&P 500<sup>®</sup> Index or any data included in the S&P 500<sup>®</sup> Index. S&P<sup>®</sup> shall have no liability for any errors, omissions, or interruptions in the S&P 500<sup>®</sup> Index. S&P<sup>®</sup> makes no warranty, express or implied, as to results to be obtained by MLPF&S, us, holders of the ARNs or any other person or entity from the use of the S&P 500<sup>®</sup> Index or any data included in the S&P 500<sup>®</sup> Index in connection with the rights licensed under the license agreement described in this term sheet or for any other use. S&P<sup>®</sup> makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the S&P 500<sup>®</sup> Index or any data included in the S&P 500<sup>®</sup> Index. Without limiting any of the above information, in no event shall S&P<sup>®</sup> have any liability for any special, punitive, indirect, or consequential damages; including lost profits, even if notified of the possibility of these damages.

S&P<sup>®</sup> and MLPF&S have entered into a non-exclusive license agreement providing for the license to MLPF&S, in exchange for a fee, of the right to use indices owned and published by S&P<sup>®</sup> in connection with some securities, including the ARNs, and we are an authorized sublicensee of MLPF&S. The license agreement provides that the following language must be stated in this term sheet:

"The ARNs are not sponsored, endorsed, sold, or promoted by S&P<sup>®</sup>. S&P<sup>®</sup> makes no representation or warranty, express or implied, to the holders of the ARNs or any member of the public regarding the advisability of investing in securities generally or in the ARNs particularly or the ability of the S&P 500<sup>®</sup> Index to track general stock market performance. S&P's<sup>®</sup> only relationship to MLPF&S and to us (other than transactions entered into in the ordinary course of business) is the licensing of certain trademarks and trade names of S&P<sup>®</sup> and of the S&P 500<sup>®</sup> Index which is determined, composed, and calculated by S&P<sup>®</sup> without regard to MLPF&S, us, or the ARNs. S&P<sup>®</sup> has no obligation to take the needs of MLPF&S, our needs, or the needs of the holders of the ARNs into consideration in determining, composing, or calculating the S&P 500<sup>®</sup> Index. S&P<sup>®</sup> is not responsible for and has not participated in the determination of the timing of the sale of the ARNs, prices at which the ARNs are to initially be sold, or quantities of the ARNs to be issued or in the determination or calculation of the equation by which the ARNs are to be converted into cash. S&P<sup>®</sup> has no obligation or liability in connection with the administration, marketing, or trading of the ARNs."



## Summary Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the ARNs, including the following:

- You agree with us (in the absence of an administrative determination, or judicial ruling to the contrary) to characterize and treat the ARNs for all tax purposes as a single financial contract with respect to the Index that requires you to pay us at inception an amount equal to the purchase price of the ARNs and that entitles you to receive at maturity an amount in cash based upon the performance of the Index.
- Under this characterization and tax treatment of the ARNs, upon receipt of a cash payment at maturity or upon a sale or exchange of the ARNs prior to maturity, you generally will recognize capital gain or loss. This capital gain or loss generally will be long-term capital gain or loss if you held the ARNs for more than one year.

## Certain U.S. Federal Income Taxation Considerations

Set forth below is a summary of certain U.S. federal income tax considerations relating to an investment in the ARNs. The following summary is not complete and is qualified in its entirety by the discussion under the section entitled "U.S. Federal Income Tax Summary" in the accompanying product supplement ARN-1, which you should carefully review prior to investing in the ARNs.

*General.* Although there is no statutory, judicial, or administrative authority directly addressing the characterization of the ARNs, we intend to treat the ARNs for all tax purposes as a single financial contract with respect to the Index that requires the investor to pay us at inception an amount equal to the purchase price of the ARNs and that entitles the investor to receive at maturity an amount in cash based upon the performance of the Index. Under the terms of the ARNs, we and every investor in the ARNs agree, in the absence of an administrative determination or judicial ruling to the contrary, to treat the ARNs as described in the preceding sentence. This discussion assumes that the ARNs constitute a single financial contract with respect to the Index for U.S. federal income tax purposes. If the ARNs did not constitute a single financial contract, the tax consequences described below would be materially different.

This characterization of the ARNs is not binding on the Internal Revenue Service ("IRS") or the courts. No statutory, judicial, or administrative authority directly addresses the characterization of the ARNs or any similar instruments for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to their proper characterization and treatment. Due to the absence of authorities on point, significant aspects of the U.S. federal income tax consequences of an investment in the ARNs are not certain, and no assurance can be given that the IRS or any court will agree with the characterization and tax treatment described in the accompanying product supplement ARN-1. Accordingly, you are urged to consult your tax advisor regarding all aspects of the U.S. federal income tax consequences of an investment in the ARNs, including possible alternative characterizations.

*Settlement At Maturity or Sale or Exchange Prior to Maturity.* Assuming that the ARNs are properly characterized and treated as single financial contracts with respect to the Index for U.S. federal income tax purposes, upon receipt of a cash payment at maturity or upon a sale or exchange of the ARNs prior to maturity, a U.S. Holder (as defined in the accompanying product supplement ARN-1) generally will recognize capital gain or loss equal to the difference between the amount realized and the U.S. Holder's basis in the ARNs. This capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held the ARNs for more than one year. The deductibility of capital losses is subject to limitations.

*Possible Future Tax Law Changes.* On December 7, 2007, the IRS released Notice 2008-2 ("Notice") seeking comments from the public on the taxation of financial instruments currently taxed as "prepaid forward contracts." This Notice addresses instruments such as the ARNs. According to the Notice, the IRS and Treasury are considering whether a holder of an instrument such as the ARNs should be required to accrue ordinary income on a current basis, regardless of whether any payments are made prior to maturity. It is not possible to determine what guidance the IRS and Treasury will ultimately issue, if any. Any such future guidance may affect the amount, timing, and character of income, gain, or loss in respect of the ARNs, possibly with retroactive effect. The IRS and Treasury are also considering additional issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, whether Section 1260 of the Internal Revenue Code of 1986, as amended, concerning certain "constructive ownership transactions," generally applies or should generally apply to such instruments, and whether any of these determinations depend on the nature of the underlying asset. We urge you to consult your own tax advisors concerning the impact and the significance of the above considerations. We intend to continue treating the ARNs for U.S. federal income tax purposes in the manner described herein unless and until such time as we determine, or the IRS or Treasury determines, that some other treatment is more appropriate.

**You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the ARNs, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. See the discussion under the section entitled "U.S. Federal Income Tax Summary" in the accompanying product supplement ARN-1.**



## Additional Terms

You should read this term sheet, together with the documents listed below, which together contain the terms of the ARNs and supersede all prior or contemporaneous oral statements as well as any other written materials. You should carefully consider, among other things, the matters set forth under "Risk Factors" in the sections indicated on the cover of this term sheet. The ARNs involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the ARNs.

You may access the following documents on the SEC Website at [www.sec.gov](http://www.sec.gov) as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC Website):

- Product supplement ARN-1 dated January 2, 2008:  
<http://www.sec.gov/Archives/edgar/data/70858/000119312509000312/d424b5.htm>
- Series L MTN prospectus supplement dated April 10, 2008 and prospectus dated May 5, 2006:  
<http://www.sec.gov/Archives/edgar/data/70858/000119312508079745/d424b5.htm>

Our Central Index Key, or CIK, on the SEC Website is 70858.

We have filed a registration statement (including a product supplement, prospectus supplement, and a prospectus) with the Securities and Exchange Commission (the "SEC") for the offering to which this term sheet relates. Before you invest, you should read the product supplement, the prospectus supplement, and the prospectus in that registration statement, and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov). Alternatively, we, any agent or any dealer participating in this offering, will arrange to send you the Note Prospectus if you so request by calling MLPF&S toll-free 1-866-500-5408.

## Structured Investments Classification

MLPF&S classifies certain structured investments (the "Structured Investments"), including the ARNs, into four categories, each with different investment characteristics. The description below is intended to briefly describe the four categories of Structured Investments offered: Principal Protection, Enhanced Income, Market Participation, and Enhanced Participation. A Structured Investment may, however, combine characteristics that are relevant to one or more of the other categories. As such, a category should not be relied upon as a description of any particular Structured Investment.

**Principal Protection:** Principal Protected Structured Investments offer full or partial principal protection at maturity, while offering market exposure and the opportunity for a better return than may be available from comparable fixed income securities. Principal protection may not be achieved if the investment is sold prior to maturity.

**Enhanced Income:** Structured Investments offering enhanced income may offer an enhanced income stream through interim fixed or variable coupon payments. However, in exchange for receiving current income, investors may forfeit upside potential on the underlying asset. These investments generally do not include the principal protection feature.

**Market Participation:** Market Participation Structured Investments can offer investors exposure to specific market sectors, asset classes, and/or strategies that may not be readily available through traditional investment alternatives. Returns obtained from these investments are tied to the performance of the underlying asset. As such, subject to certain fees, the returns will generally reflect any increases or decreases in the value of such assets. These investments are not structured to include the principal protection feature.

**Enhanced Participation:** Enhanced Participation Structured Investments may offer investors the potential to receive better than market returns on the performance of the underlying asset. Some structures may offer leverage in exchange for a capped or limited upside potential and also in exchange for downside risk. These investments are not structured to include the principal protection feature.

The classification of Structured Investments is meant solely for informational purposes and is not intended to fully describe any particular Structured Investment nor guarantee any particular performance.