

**CALCULATION OF REGISTRATION FEE**

| <b>Title of Each Class of Securities to be Registered</b>  | <b>Amount to be Registered</b> | <b>Proposed Maximum Offering Price Per Unit</b> | <b>Proposed Maximum Aggregate Offering Price</b> | <b>Amount of Registration Fee(1)</b> |
|--|--------------------------------|---|--|--------------------------------------|
| Capped Leveraged Index Return Notes <sup>®</sup> Linked to the FTSE/Xinhua China 25 Index, due June 24, 2011 | 1,194,000                      | \$10.00   | \$11,940,000                                     | \$666.25                             |

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

1,194,000 Units  
 Capped Leveraged Index Return Notes®  
 Linked to the FTSE/Xinhua China 25 Index,  
 due June 24, 2011  
 \$10 principal amount per unit  
 Term Sheet No. 124

Pricing Date June 26, 2009  
 Settlement Date July 2, 2009  
 Maturity Date June 24, 2011  
 CUSIP No 060900552



## Capped Leveraged Index Return Notes®

- 200% leveraged upside exposure to increases in the level of the FTSE/Xinhua China 25 Index, subject to a cap of 58.60%
- A maturity of approximately 24 months
- 1-to-1 downside exposure to decreases in the level of the FTSE/Xinhua China 25 Index in excess of the Threshold Value with up to 90% of the principal amount at risk
- No periodic interest payments
- No listing on any securities exchange
- 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 LIRNs are being offered by Bank of America Corporation ("BAC"). The LIRNs 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 LIRNs involves a number of risks. See "Risk Factors" on page TS-5 of this term sheet and beginning on page S-10 of product supplement LIRN-2.

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 ("First Republic") is acting in its capacity as a principal.

None of the Securities and Exchange Commission (the "SEC"), 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 | \$ 11,940,000 |
| Selling discount (1)                                      | \$ 0.20  | \$ 238,800    |
| Proceeds, before expenses, to Bank of America Corporation | \$ 9.80  | \$ 11,701,200 |

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

"Leveraged Index Return Notes®" and "LIRNs®" are registered service marks of our subsidiary, Merrill Lynch & Co., Inc.

"FTSE®" is a trade mark jointly owned by the London Stock Exchange PLC and The Financial Times Limited. "FTSE/Xinhua" is a trade mark of FTSE International Limited. "Xinhua" are service marks and trade marks of Xinhua Finance Limited. All marks are licensed for use by FSTE/Xinhua Index Limited.

**Merrill Lynch & Co.**

June 26, 2009



## Summary

The Capped Leveraged Index Return Notes® Linked to the FTSE/Xinhua China 25 Index, due June 24, 2011 (the “LIRNs”) are our senior unsecured debt securities and are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. The LIRNs will rank equally with all of our other unsecured and unsubordinated debt, and any payments due on the LIRNs, including any repayment of principal, will be subject to the credit risk of BAC. The LIRNs provide a leveraged return for investors, subject to a cap, if the level of the FTSE/Xinhua China 25 Index (the “Index”) increases moderately from the Starting Value of the Index to the Ending Value of the Index, determined during the Maturity Valuation Period. Investors must be willing to forgo interest payments on the LIRNs and be 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 LIRNs.

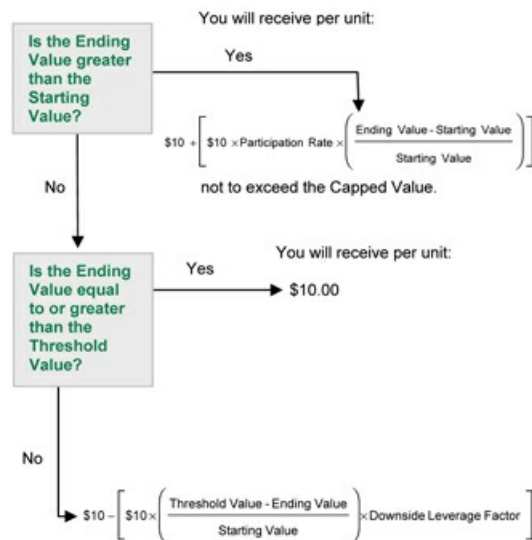
Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement LIRN-2.

## Terms of the LIRNs

|                                   |  |
|-----------------------------------|--|
| <b>Issuer:</b>                    | Bank of America Corporation (“BAC”)  |
| <b>Original Offering Price:</b>   | \$10.00 per unit   |
| <b>Term:</b>                      | Approximately 24 months  |
| <b>Market Measure:</b>            | FTSE/Xinhua China 25 Index (Index symbol: “XIN01”)   |
| <b>Starting Value:</b>            | 16,426.33, the closing level of the Market Measure on June 25, 2009  |
| <b>Ending Value:</b>              | The average of the closing levels of the Index on each scheduled calculation day during the Maturity Valuation Period. If it is determined that a scheduled calculation day is not a Market Measure Business Day, or if a Market Disruption Event occurs on a scheduled calculation day, the Ending Value will be determined as more fully described in product supplement LIRN-2. |
| <b>Threshold Value:</b>           | 14,783.70, which is 90% of the Starting Value, rounded to two decimal places.  |
| <b>Capped Value:</b>              | \$15.86 per unit of the LIRNs, which represents a return of 58.60% over the \$10.00 Original Offering Price.   |
| <b>Participation Rate:</b>        | 200%   |
| <b>Downside Leverage Factor:</b>  | 100%   |
| <b>Maturity Valuation Period:</b> | June 15, 2011; June 16, 2011; June 17, 2011; June 20, 2011; and June 21, 2011.   |
| <b>Calculation Agent:</b>         | MLPF&S, a subsidiary of BAC  |

## Determining the Redemption Amount for the LIRNs

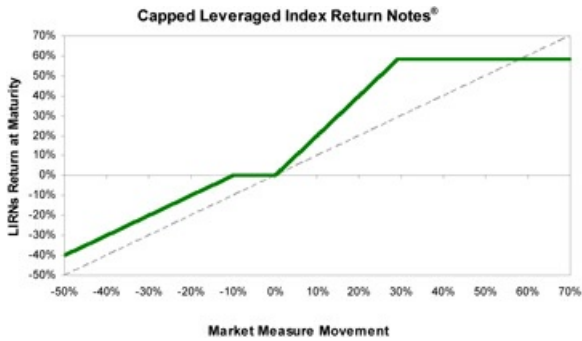
On the maturity date, you will receive a cash payment per unit (the “Redemption Amount”) calculated as follows:



*In this case, you will receive a payment that is less, and possibly significantly less, than the \$10.00 Original Offering Price per unit.*



## Hypothetical Payout Profile



This graph reflects the **hypothetical** returns on the LIRNs, based on the Participation Rate of 200%, the Threshold Value equal to 90% of the Starting Value, and the Capped Value of \$15.86 (a 58.60% return). The green line reflects the **hypothetical** returns on the LIRNs, while the dotted gray line reflects the return of a **hypothetical** 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 Ending Value and the term of your investment.

## Hypothetical Redemption Amounts

### Examples

Set forth below are four examples of Redemption Amount calculations (rounded to two decimal places) payable at maturity, based upon the Participation Rate of 200%, the Downside Leverage Factor of 100%, the Starting Value of 16,426.33, the Threshold Value of 14,783.70, and the Capped Value of \$15.86 (per unit).

**Example 1**—The **hypothetical** Ending Value is 65% of the Starting Value and is less than the Threshold Value:

Starting Value: 16,426.33  
 Hypothetical Ending Value: 10,677.11  
 Threshold Value: 14,783.70

$$\$10 - \left[ \$10 \times \left( \frac{14,783.70 - 10,677.11}{16,426.33} \right) \times 100\% \right] = \$7.50$$

Redemption Amount (per unit) = \$7.50

**Example 2**—The **hypothetical** Ending Value is 95% of the Starting Value and is greater than the Threshold Value:

Starting Value: 16,426.33  
 Hypothetical Ending Value: 15,605.01  
 Threshold Value: 14,783.70

Redemption Amount (per unit) = \$10.00

If the Ending Value is less than or equal to the Starting Value but is greater than or equal to the Threshold Value, the Redemption Amount (per unit) will equal the \$10.00 Original Offering Price.

**Example 3**—The **hypothetical** Ending Value is 104% of the Starting Value:

Starting Value: 16,426.33  
 Hypothetical Ending Value: 17,083.38

$$\$10 + \left[ \$10 \times 200\% \times \left( \frac{17,083.38 - 16,426.33}{16,426.33} \right) \right] = \$10.80$$

Redemption Amount (per unit) = \$10.80

**Example 4**—The **hypothetical** Ending Value is 150% of the Starting Value:

Starting Value: 16,426.33  
 Hypothetical Ending Value: 24,639.50

$$\$10 + \left[ \$10 \times 200\% \times \left( \frac{24,639.50 - 16,426.33}{16,426.33} \right) \right] = \$20.00$$

Redemption Amount (per unit) = \$15.86 (The Redemption Amount cannot be greater than the Capped Value.)



# Capped Leveraged Index Return Notes®

Linked to the FTSE/Xinhua China 25 Index, due June 24, 2011

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

The following table illustrates, for the Starting Value of 16,426.33, the Threshold Value of 14,783.70 (90% of the Starting Value), and a range of **hypothetical** Ending Values of the Index:

- the percentage change from the Starting Value to the **hypothetical** Ending Value;
- the **hypothetical** Redemption Amount per unit of the LIRNs (rounded to two decimal places);
- the total rate of return to holders of the LIRNs;
- the pretax annualized rate of return to holders of the LIRNs; and
- the pretax annualized rate of return of a **hypothetical** direct investment in the stocks included in the Index, which includes an assumed aggregate dividend yield of 2.57% per annum, as more fully described below.

The table below reflects the Participation Rate of 200%, the Downside Leverage Factor of 100%, and the Capped Value of \$15.86 (per unit).

| Hypothetical Ending Value | Percentage Change from the Starting Value to the Hypothetical Ending Value | Hypothetical Redemption Amount per Unit | Total Rate of Return on the LIRNs | Pretax Annualized Rate of Return on the LIRNs(1) | Pretax Annualized Rate of Return of the Stocks Included in the Index(1)(2) |
|---------------------------|--|---|-----------------------------------|--|--|
| 8,213.17                  | -50.00%  | \$6.00                                  | -40.00%                           | -24.23%  | -28.71%  |
| 9,855.80                  | -40.00%  | \$7.00                                  | -30.00%                           | -17.24%  | -21.07%  |
| 11,498.43                 | -30.00%  | \$8.00                                  | -20.00%                           | -10.97%  | -14.29%  |
| 13,962.38                 | -15.00%  | \$9.50                                  | -5.00%                            | -2.58%   | -5.32%   |
| 14,783.70(3)              | -10.00%  | \$10.00                                 | 0.00%                             | 0.00%  | -2.59%   |
| 15,769.28                 | -4.00%   | \$10.00                                 | 0.00%                             | 0.00%  | 0.56%  |
| 16,097.80                 | -2.00%   | \$10.00                                 | 0.00%                             | 0.00%  | 1.57%  |
| 16,426.33(4)              | 0.00%  | \$10.00                                 | 0.00%                             | 0.00%  | 2.57%  |
| 17,247.65                 | 5.00%  | \$11.00                                 | 10.00%                            | 4.88%  | 5.01%  |
| 18,068.96                 | 10.00%   | \$12.00                                 | 20.00%                            | 9.43%  | 7.37%  |
| 18,890.28                 | 15.00%   | \$13.00                                 | 30.00%                            | 13.72%   | 9.65%  |
| 19,711.60                 | 20.00%   | \$14.00                                 | 40.00%                            | 17.76%   | 11.86%   |
| 20,532.91                 | 25.00%   | \$15.00                                 | 50.00%                            | 21.59%   | 14.00%   |
| 21,354.23                 | 30.00%   | \$15.86(5)                              | 58.60%                            | 24.73%   | 16.08%   |
| 22,175.55                 | 35.00%   | \$15.86                                 | 58.60%                            | 24.73%   | 18.11%   |
| 22,996.86                 | 40.00%   | \$15.86                                 | 58.60%                            | 24.73%   | 20.08%   |
| 23,818.18                 | 45.00%   | \$15.86                                 | 58.60%                            | 24.73%   | 22.00%   |
| 24,639.50                 | 50.00%   | \$15.86                                 | 58.60%                            | 24.73%   | 23.87%   |

(1) The annualized rates of return specified in this column are calculated on a semi-annual bond equivalent basis and assume an investment term from July 2, 2009 to June 24, 2011, the term of the LIRNs.

(2) This rate of return assumes:

- 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 Starting Value to the relevant **hypothetical** Ending Value;
- a constant dividend yield of 2.57% per annum, paid quarterly from the date of initial delivery of the LIRNs, applied to the level of the Index at the end of each quarter, assuming this level increases or decreases linearly from the Starting Value to the relevant **hypothetical** Ending Value; and
- no transaction fees or expenses.

(3) This is the Threshold Value.

(4) This is the Starting Value.

(5) The Redemption Amount per unit of the LIRNs cannot exceed the Capped Value of \$15.86.

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 Ending Value and the term of your investment.



## Risk Factors

An investment in the LIRNs involves significant risks. The following is a list of certain of the risks involved in investing in the LIRNs. You should carefully review the more detailed explanation of risks relating to the LIRNs in the "Risk Factors" sections included in product supplement LIRN-2 and the MTN prospectus supplement identified below under "Additional Terms." We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the LIRNs.

- 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, if any, 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 LIRNs, while providing the selling agents with compensation for their services, we have considered the costs of developing, hedging, and distributing the LIRNs.
- A trading market is not expected to develop for your LIRNs.
- The Redemption Amount will not be affected by all developments relating to the Index.
- FTSE/Xinhua Index Limited ("FXI") may adjust the Index in a way that affects its level, and FXI 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.
- Your return on the LIRNs may be affected by factors affecting the international securities markets.
- If you attempt to sell LIRNs 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 LIRNs are subject to our credit risk, and changes in our credit ratings are expected to affect the value of LIRNs.
- 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 your return on the LIRNs and their market value.
- 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 the LIRNs are uncertain, and may be adverse to a holder of LIRNs. See "Summary Tax Consequences" and "Certain U.S. Federal Income Taxation Considerations" below and "U.S. Federal Income Tax Summary" in product supplement LIRN-2.

## Investor Considerations

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

- You anticipate that the level of the Index will increase 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 an Ending Value that is less than the Threshold Value.
- You accept that the return on the LIRNs will not exceed the return represented by the Capped Value.
- You are willing to forgo interest payments on the LIRNs, such as fixed or floating rate interest paid on traditional interest bearing debt securities.
- You seek exposure to the Index with no expectation of dividends or other benefits of owning the stocks included in the Index.
- You are willing to accept that a trading market is not expected to develop for the LIRNs. You understand that secondary market prices for the LIRNs, if any, will be affected by various factors, including our perceived creditworthiness.

### The LIRNs may not be an appropriate investment for you if:

- You anticipate that the level of the Index will decrease from the Starting Value to the Ending Value or that the level of the Index will not increase sufficiently over the term of the LIRNs to provide you with your desired return.
- You seek 100% principal protection or preservation of capital.
- You seek a return on your investment that will not be capped at 58.60% over the Original Offering Price.
- 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 seek assurances that there will be a liquid market if and when you want to sell the LIRNs prior to maturity.



## Other Terms of the LIRNs

### Market Measure Business Day

The following definition shall supersede and replace the definition of a "Market Measure Business Day" set forth in product supplement LIRN-2.

A "Market Measure Business Day" means a day on which:

- (1) the New York Stock Exchange, The NASDAQ Stock Market, and the Hong Kong Stock Exchange, or their successors, are open for trading and
- (2) the Market Measure or any successor thereto is calculated and published.

## Other Provisions

We will deliver the LIRNs against payment therefor in New York, New York on a date that is greater than 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, purchasers who wish to trade LIRNs 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 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, 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 LIRNs. Accordingly, offerings of the LIRNs will conform to the requirements of NASD Rule 2720. In the original offering of the LIRNs, the LIRNs will be sold in minimum investment amounts of 100 units.

MLPF&S and First Republic may use this Note Prospectus for offers and sales in secondary market transactions and market-making transactions in the LIRNs but are not obligated to engage in such secondary market transactions and/or market-making transactions. MLPF&S and First Republic 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

All disclosures contained in this term sheet regarding the Index, including, without limitation, its make up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by FXI, a joint venture of FTSE International Limited ("FTSE") and Xinhua Financial Network Limited ("Xinhua"). FXI has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of FXI discontinuing publication of the Index are discussed in the section of product supplement LIRN-2 entitled "Description of LIRNs—Discontinuance of a Market Measure." Neither we, the calculation agent, nor MLPF&S accepts any responsibility for the calculation, maintenance, or publication of the Index or any successor index.

The Index is designed to represent the performance of the mainland Chinese market that is available to international investors. The Index is quoted in Hong Kong Dollars ("HKD") and currently is based on the 25 largest and most liquid Chinese stocks (called "H" shares and "Red Chip" shares) that are listed and traded on the Stock Exchange of Hong Kong Ltd. ("HKSE"). "H" shares are securities of companies incorporated in the People's Republic of China (the "PRC") and nominated by the Chinese government for listing and trading on the HKSE. "Red Chip" shares are securities of companies incorporated outside of the PRC that trade on the HKSE, which are substantially owned directly or indirectly by the Chinese government and have the majority of their business interests in mainland China. Both "H" shares and "Red Chip" shares are quoted and traded in only HKD and are available only to Chinese investors who are approved by the Chinese government (such as QDIIIs) or international investors, who are not citizens of the PRC.

The Index is reported by Bloomberg L.P. under the ticker symbol "XIN01".

### Computation of the Index

The Index is calculated using the free float index calculation methodology of the FTSE Group. The Index is adjusted to provide an accurate representation of available shares, as a percentage of market capitalization. The Index uses actual trade prices for securities with local stock exchange quotations and Reuters real-time spot currency rates for its calculations. Under this methodology, FXI excludes from free floating shares trade investments in a constituent by another constituent or non-constituent company, significant long-term holdings by founders, directors and/or their families, employee share schemes (if restricted), government holdings, foreign ownership limits, and portfolio investments subject to lock-in clauses (for the duration of the applicable clause). Free float restrictions are calculated using available published information. The initial weighting of an Index stock is applied in bands, as follows:

|   |  |      |
|---|--|------|
| Free float less than or equal to 15%                      | Ineligible for inclusion in the Index, unless free float is also greater than 5% and the full market capitalization is greater than US\$2.5 billion (or local currency equivalent), in which case actual free float is will be rounded up to the next highest whole percentage number. |      |
| Free float greater than 15% but less than or equal to 20% |  | 20%  |
| Free float greater than 20% but less than or equal to 30% |  | 30%  |
| Free float greater than 30% but less than or equal to 40% |  | 40%  |
| Free float greater than 40% but less than or equal to 50% |  | 50%  |
| Free float greater than 50% but less than or equal to 75% |  | 75%  |
| Free float greater than 75%                               |  | 100% |

These bands are narrow at the lower end, in order to ensure that there is sufficient sensitivity to maintain accurate representation, and broader at the higher end, in order to ensure that the weightings of larger companies do not fluctuate absent a significant corporate event.

Following the application of an initial free float restriction, an Index stock's free float will only be changed if its actual free float is more than five percentage points above the minimum or five percentage points below the maximum of an adjacent band. This five percentage point threshold does not apply if the initial free float is less than 15%. Foreign ownership limits, if any, are applied after calculating the actual free float restriction, but before applying the bands shown above. If the foreign ownership limit is more restrictive than the free float restriction, the precise foreign ownership limit is applied. If the foreign ownership limit is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to the bands shown above.

The Index is periodically reviewed for changes in free float. These reviews coincide with the quarterly reviews of the Index. Implementation of any changes takes place after the close of the Index calculation on the third Friday in January, April, July, and October. A stock's free float is also reviewed and adjusted if necessary following certain corporate events. If the corporate event includes a corporate action which affects the Index, any change in free float is implemented at the same time as the corporate action. If there is no corporate action, the change in free float is applied as soon as practicable after the corporate event.

### Eligible Securities

The Index is governed by an independent advisory committee, the FTSE Xinhua Index Committee (the "Index Committee"), which ensures that the Index is operated in accordance with its published rules, and that the rules remain relevant to the Index. The Index Committee is responsible for undertaking the review of the Index and for approving changes of constituents.

Currently, only "H" shares and "Red Chip" shares are eligible for inclusion in the Index. All classes of equity in issue are eligible for inclusion in the Index, subject to certain restrictions described above; provided that, each constituent must also be a constituent of the FTSE-All World Index. Convertible preference shares and loan stocks are excluded until converted. Companies that are engaging in the business of holding equity and other investments, exchange-traded funds, and funds whose prices are a direct derivation of underlying holdings (e.g., mutual funds) are not eligible for inclusion. Individual constituent weights are capped at 10% in order to avoid over concentration of the Index in any one constituent.

Securities must be sufficiently liquid to be traded. The following criteria, among others, are used to ensure that illiquid securities are excluded:

**Price.** The Index Committee must be satisfied that an accurate and reliable price exists for the purpose of determining the market value of a company. A security may be excluded from the Index if an "accurate and reliable" price is not available. In assessing liquidity, data will be obtained from a constituent's primary exchange. If the constituent fails the liquidity screen on this basis, data may (at the discretion of the Index Committee) also be reviewed from other markets (including trading in ADRs and GDRs).





**Liquidity.** Securities in the Index will be reviewed annually for liquidity. Securities which do not turn over at least 2% of their shares in issue, after the application of any free float restrictions, per month for ten of the twelve months prior to the quarterly review by the Index Committee will not be eligible for inclusion in the Index. An existing constituent failing to trade at least 2.0% of its shares in issue, after the application of any free float restrictions, per month for more than four of the twelve months prior to the quarterly review will be removed after close of the Index calculation on the next trading day following the third Friday in January, April, July, and October. Any period when a share is suspended will be excluded from the calculation.

**New Issues.** New issues become eligible for inclusion in the Index at the next quarterly review of constituents, provided the company has a minimum trading record of at least 20 trading days prior to the date of that review and turnover of a minimum of 2% of their shares in issue, after the application of any free float restrictions, per month each month, except in certain circumstances.

FXI does not guarantee the accuracy or the completeness of the Index, or any data included in the Index. FXI assumes no liability for any errors, omissions, or disruption in the calculation and dissemination of the Index. FXI disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Index, or the manner in which the Index is applied in determining the amount payable on the LIRNs at maturity.

*The following graph sets forth the monthly historical performance of the Index in the period from January 2004 to May 2009. This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the LIRNs 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 level of the Index is more or less likely to increase or decrease at any time over the term of the LIRNs.*



Before investing in the LIRNs, you should consult publicly available sources for the levels and trading pattern of the Index. The generally unsettled international environment and related uncertainties, including the risk of terrorism, may result in the Index and financial markets generally exhibiting greater volatility than in earlier periods.

**License Agreement**

Our right to use the Index in connection with the LIRNs is subject to a license agreement between us and FXI. In connection with that license, please note the following:

The LIRNs are not in any way sponsored, endorsed, sold or promoted by FXI, FTSE, the London Stock Exchange Plc, The Financial Times Limited or Xinhua (collectively the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE on behalf of FXI. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

The Index is calculated by or on behalf of FXI. FXI does not sponsor, endorse or promote the LIRNs and is not in any way connected to it and does not accept any liability.

All intellectual property rights in the index values and constituent list vests in FXI. We has obtained full license from FXI to use such intellectual property rights in the creation of the LIRNs.



## Summary Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the LIRNs, 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 LIRNs 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 LIRNs 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 LIRNs, upon receipt of a cash payment at maturity or upon a sale or exchange of the LIRNs 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 LIRNs 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 LIRNs. 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 product supplement LIRN-2, which you should carefully review prior to investing in the LIRNs.

**General.** Although there is no statutory, judicial, or administrative authority directly addressing the characterization of the LIRNs, we intend to treat the LIRNs 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 LIRNs 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 LIRNs, we and every investor in the LIRNs agree, in the absence of an administrative determination or judicial ruling to the contrary, to treat the LIRNs as described in the preceding sentence. This discussion assumes that the LIRNs constitute a single financial contract with respect to the Index for U.S. federal income tax purposes. If the LIRNs did not constitute a single financial contract, the tax consequences described below would be materially different. The discussion in this section also assumes that there is a significant possibility of a significant loss of principal on an investment in the LIRNs.

This characterization of the LIRNs is not binding on the Internal Revenue Service ("IRS") or the courts. No statutory, judicial, or administrative authority directly addresses the characterization of the LIRNs 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 LIRNs 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 product supplement LIRN-2. 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 LIRNs, including possible alternative characterizations.

**Settlement At Maturity or Sale or Exchange Prior to Maturity.** Assuming that the LIRNs 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 LIRNs prior to maturity, a U.S. Holder (as defined in product supplement LIRN-2) generally will recognize capital gain or loss equal to the difference between the amount realized and the U.S. Holder's basis in the LIRNs. This capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held the LIRNs 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 LIRNs. According to the Notice, the IRS and Treasury are considering whether a holder of an instrument such as the LIRNs 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 LIRNs, 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 LIRNs 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 LIRNs, 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 product supplement LIRN-2.**



## Additional Terms

You should read this term sheet, together with the documents listed below, which together contain the terms of the LIRNs 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 LIRNs involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the LIRNs.

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 LIRN-2 dated April 21, 2009:  
<http://www.sec.gov/Archives/edgar/data/70858/000095014409003415/g18702p2e424b5.htm>
- Series L MTN prospectus supplement dated April 21, 2009 and prospectus dated April 20, 2009:  
<http://www.sec.gov/Archives/edgar/data/70858/000095014409003387/g18667b5e424b5.htm>

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

**We have filed a registration statement (including a product supplement, a prospectus supplement, and a prospectus) with 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 at 1-866-500-5408.**

## Structured Investments Classification

MLPF&S classifies certain structured investments (the "Structured Investments"), including the LIRNs, 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.