


Subject to Completion  
 Preliminary Term Sheet dated October 15, 2010

<p>Units          Variable Coupon Notes          Linked to a Basket of 15 Common Equity Securities,          due November , 2016          \$1,000 principal amount per unit          Term Sheet No.</p>	<p>Expected Pricing Date*    October , 2010          Settlement Date*        October , 2010          Maturity Date*            November , 2016          CUSIP No.</p>
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## Variable Coupon Notes

- Annual coupon payments based on the average performance of a basket of 15 common equity securities, with a minimum interest rate of 2% per annum and a Return Cap of 6.75% to 9.75% per annum
- Payment of principal amount and the final Coupon Payment, if any, at maturity
- A maturity of approximately six years
- Payment of interest and repayment of principal at maturity are subject to the credit risk of Bank of America Corporation
- No listing on any securities exchange

**STRUCTURED INVESTMENTS**

PRINCIPAL PROTECTION  
 ENHANCED INCOME  
 MARKET PARTICIPATION  
 ENHANCED PARTICIPATION



The notes are being offered by Bank of America Corporation ("BAC"). The notes will have the terms specified in this term sheet as supplemented by the documents indicated below under "Additional Terms" (together, the "Note Prospectus"). Investing in the notes involves a number of risks. **There are important differences between the notes and a conventional debt security, including different investment risks. See "Risk Factors" on page TS-5 of this term sheet and beginning on page S-8 of product supplement VCN-1. The notes:**

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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In connection with this offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") is acting in its capacity as principal for your account. Sales of the notes will also be made by certain additional broker-dealers that are not affiliated with us.

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	\$ 1,000	\$
Underwriting discount	\$ 30	\$
Proceeds, before expenses, to Bank of America Corporation	\$ 970	\$

\*Depending on the date the notes are priced for initial sale to the public (the "pricing date"), which may be in October or November 2010, the settlement date may occur in October or November 2010, and the maturity date may occur in October or November 2016. Any reference in this term sheet to the month in which the pricing date, the settlement date, Coupon Determination Dates, Coupon Payment Dates, or the maturity date will occur is subject to change as specified above.

**BofA Merrill Lynch**  
 October , 2010



## Summary

The Variable Coupon Notes Linked to a Basket of 15 Common Equity Securities, due November , 2016 (the "notes") are our senior unsecured debt securities. The notes are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of our other unsecured and unsubordinated debt, and all payments due on the notes, including any repayment of principal, will be subject to the credit risk of BAC.**

The notes provide investors with annual interest payments based upon the performance of an equally-weighted basket (the "Basket") of 15 common equity securities. The Basket consists of the following common equity securities:

Basket Stock	Ticker	Weight	Initial Share Price	Basket Stock	Ticker	Weight	Initial Share Price
Altria Group, Inc.	MO	6 2/3%		Goldcorp Inc.	GG	6 2/3%	
Archer-Daniels-Midland Company	ADM	6 2/3%		JPMorgan Chase & Co.	JPM	6 2/3%	
Barrick Gold Corporation	ABX	6 2/3%		McDonald's Corporation	MCD	6 2/3%	
The Boeing Company	BA	6 2/3%		Monsanto Company	MON	6 2/3%	
Caterpillar Inc.	CAT	6 2/3%		Motorola, Inc.	MOT	6 2/3%	
Deere & Company	DE	6 2/3%		Verizon Communications Inc.	VZ	6 2/3%	
Ford Motor Company	F	6 2/3%		Wal-Mart Stores, Inc.	WMT	6 2/3%	
General Electric Company	GE	6 2/3%					

**The notes are not traditional debt securities, and investors may not earn interest on their investment beyond the minimum coupon of 2% per annum.**

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

## Terms of the Notes

<b>Issuer:</b>	Bank of America Corporation ("BAC")
<b>Original Offering Price:</b>	\$1,000 per unit
<b>Term:</b>	Approximately six years
<b>Payment at Maturity:</b>	At maturity, subject to our credit risk, we will pay the principal amount of the notes and the final Coupon Payment.
<b>Coupon Determination Dates:</b>	Each of the six anniversary dates of the pricing date, determined on the pricing date and set forth in the final term sheet that will be made available in connection with the sale of the notes. Each Coupon Determination Date may be postponed as described beginning on page S-20 of product supplement VCN-1 if the calculation agent determines that a scheduled Coupon Determination Date is not a trading day or if a Market Disruption Event occurs on a scheduled Coupon Determination Date.
<b>Coupon Payment Dates:</b>	November , 2011, November , 2012, November , 2013, October , 2014, October , 2015, and November , 2016, subject to postponement if the related Coupon Determination Date is postponed as described above.
<b>Coupon Payments:</b>	<p>On each Coupon Payment Date, the applicable Coupon Payment payable on the notes will equal the product of the principal amount and the Coupon Rate determined on the applicable Coupon Determination Date.</p> <p>The Coupon Rate will equal the arithmetic average of the Performance Level of each of the Basket Stocks (the "Average Performance Level") on the applicable Coupon Determination Date. However, in no event will the Coupon Rate be less than the Minimum Coupon Rate. The Performance Level of each Basket Stock will equal the Stock Return, subject to the Return Cap and the Return Floor as described below. For each Basket Stock, the Stock Return will be calculated as follows:</p> $\left( \frac{\text{Annual Level} - \text{Initial Share Price}}{\text{Initial Share Price}} \right)$ <p>If the Stock Return for any Basket Stock is less than the Return Floor, its Performance Level will equal the Return Floor. If the Stock Return for any Basket Stock is greater than the Return Cap, its Performance Level will equal the Return Cap. Therefore, in no event will the Coupon Rate exceed the Return Cap of 6.75% to 9.75%.</p>
<b>Initial Share Price:</b>	For each Basket Stock, the Initial Share Price will be the Closing Price of one share of that Basket Stock on the pricing date.
<b>Annual Level:</b>	For each Basket Stock, the Annual Level will be the Closing Price of one share of the Basket Stock on the applicable Coupon Determination Date, multiplied by its Price Multiplier.
<b>Minimum Coupon Rate:</b>	The minimum per annum Coupon Rate for any annual interest period will be 2%.
<b>Return Cap:</b>	6.75% to 9.75%. The actual Return Cap will be determined on the pricing date and set forth in the final term sheet that will be made available in connection with the sale of the notes.
<b>Return Floor:</b>	-35%
<b>Price Multiplier:</b>	For each Basket Stock, 1, subject to adjustment for certain corporate events relating to the Basket Stocks described beginning on page S-22 of product supplement VCN-1
<b>Calculation Agent:</b>	MLPF&S, a subsidiary of BAC



## Hypothetical Coupon Rate Calculations

Set forth below are examples of the calculations of the **hypothetical** Coupon Rates (rounded to nearest ten-thousandth and expressed as percentages) determined on each of the Coupon Determination Dates, based upon the Minimum Coupon Rate of 2% per annum and a **hypothetical** Return Cap of 8.25% (the midpoint of the Return Cap range of 6.75% to 9.75%). The examples illustrate, for the **hypothetical** Initial Share Prices set forth in the table below (the Closing Prices of the Basket Stocks on October 6, 2010), and a range of **hypothetical** Annual Levels on each Coupon Determination Date:

- the **hypothetical** Stock Return and Performance Level of each Basket Stock;
- the **hypothetical** Average Performance Level; and
- the **hypothetical** Coupon Rate payable on the applicable Coupon Payment Date.

On the first Coupon Determination Date, the **hypothetical** Stock Return of each Basket Stock is -35% or less. Because of the Return Floor, the Performance Level of each Basket Stock is set to -35%, resulting in an average of -35%. However, because in no event will the Coupon Rate determined on any Coupon Determination Date be less than 2%, the **hypothetical** Coupon Rate for October , 2011 is 2%.

On the second Coupon Determination Date, the **hypothetical** Stock Return of each Basket Stock is between -35% and 8.25%. The **hypothetical** Stock Returns of seven Basket Stocks are negative, and the **hypothetical** Stock Returns of the other eight Basket Stocks are positive. The **hypothetical** Average Performance Level is -3.06%. However, because in no event will the Coupon Rate determined on any Coupon Determination Date be less than 2%, the **hypothetical** Coupon Rate for October , 2012 is 2%.

On the third Coupon Determination Date, the **hypothetical** Stock Return of one Basket Stock is negative but greater than -35%, and the **hypothetical** Stock Return of each of the other Basket Stocks is positive but less than the Return Cap. The **hypothetical** Average Performance Level is 6.40%. Therefore, the **hypothetical** Coupon Rate for October , 2013 is 6.40%.

On the fourth Coupon Determination Date, the **hypothetical** Stock Return of one Basket Stock is less than -35%. Because of the Return Floor, the Performance Level of that Basket Stock is set to -35%. The **hypothetical** Stock Return of each of the other Basket Stocks is positive, and the **hypothetical** Stock Return of one of the other Basket Stocks greater than 8.25%. Because of the Return Cap, the Performance Level of that Basket Stock is set to 8.25%. The **hypothetical** Average Performance Level is -0.05%. However, because in no event will the Coupon Rate determined on any Coupon Determination Date be less than 2%, the **hypothetical** Coupon Rate for October , 2014 is 2%.

On the fifth Coupon Determination Date, the **hypothetical** Stock Return of each Basket Stock is positive and greater than the Return Cap. Because of the Return Cap, the Performance Level of each Basket Stock is set to 8.25%, resulting in a **hypothetical** Average Performance Level of 8.25%. Therefore, the **hypothetical** Coupon Rate for October , 2015 is 8.25%.

On the sixth and final Coupon Determination Date, the **hypothetical** Stock Returns of five Basket Stocks are negative and less than -35%, the **hypothetical** Stock Returns of the next five Basket Stocks are positive but less than 8.25%, and the **hypothetical** Stock Returns of the remaining five Basket Stocks are positive and greater than 8.25%. Because of the Return Floor, the Performance Level of each of the first five Basket Stocks is set to -35%. Because of the Return Cap, the Performance Level of each of the final five Basket Stocks is set to 8.25%. The **hypothetical** Average Performance Level is -6.48%. However, because in no event will the Coupon Rate determined on any Coupon Determination Date be less than 2%, the **hypothetical** Coupon Rate for October , 2016 is 2%.

These examples and the table below are for illustration only. You may not receive any Coupon Payment in excess of 2% on one or more Coupon Payment Dates.



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

	Initial Share Price	October , 2011			October , 2012			October , 2013		
		Annual Level	Stock Return	Performance Level	Annual Level	Stock Return	Performance Level	Annual Level	Stock Return	Performance Level
Altria Group, Inc.	24.43	14.17	-42.00%	-35.00%	25.16	2.99%	2.99%	26.14	7.00%	7.00%
Archer-Daniels-Midland Company	32.30	18.73	-42.01%	-35.00%	34.88	7.99%	7.99%	34.51	6.84%	6.84%
Barrick Gold Corporation	48.59	24.30	-49.99%	-35.00%	40.33	-17.00%	-17.00%	52.11	7.24%	7.24%
The Boeing Company	68.58	39.78	-41.99%	-35.00%	58.98	-14.00%	-14.00%	73.79	7.60%	7.60%
Caterpillar Inc.	79.08	42.70	-46.00%	-35.00%	64.85	-17.99%	-17.99%	85.28	7.84%	7.84%
Deere & Company	71.96	44.62	-37.99%	-35.00%	75.56	5.00%	5.00%	75.92	5.50%	5.50%
Ford Motor Company	13.24	8.21	-37.99%	-35.00%	13.90	4.98%	4.98%	13.97	5.51%	5.51%
General Electric Company	16.90	9.46	-44.02%	-35.00%	16.22	-4.02%	-4.02%	18.13	7.28%	7.28%
Goldcorp Inc.	45.18	25.30	-44.00%	-35.00%	43.37	-4.01%	-4.01%	48.48	7.30%	7.30%
JPMorgan Chase & Co.	39.90	24.34	-39.00%	-35.00%	33.12	-16.99%	-16.99%	42.99	7.74%	7.74%
McDonald's Corporation	75.56	43.82	-42.01%	-35.00%	59.69	-21.00%	-21.00%	80.96	7.15%	7.15%
Monsanto Company	48.65	28.70	-41.01%	-35.00%	52.30	7.50%	7.50%	51.93	6.74%	6.74%
Motorola, Inc.	8.56	4.45	-48.01%	-35.00%	9.07	5.96%	5.96%	9.12	6.54%	6.54%
Verizon Communications Inc.	33.36	20.02	-39.99%	-35.00%	35.70	7.01%	7.01%	32.69	-2.01%	-2.01%
Wal-Mart Stores, Inc.	54.56	34.92	-36.00%	-35.00%	58.79	7.75%	7.75%	58.76	7.70%	7.70%
<b>Hypothetical Average Stock Return</b>			-42.13%			-3.06%			6.40%	
<b>Hypothetical Average Performance Level</b>				-35.00%			-3.06%			6.40%
<b>Hypothetical Coupon Rate</b>				2.00%			2.00%			6.40%

	Initial Share Price	October , 2014			October , 2015			October , 2016		
		Annual Level	Stock Return	Performance Level	Annual Level	Stock Return	Performance Level	Annual Level	Stock Return	Performance Level
Altria Group, Inc.	24.43	24.80	1.51%	1.51%	27.61	13.02%	8.25%	27.61	13.02%	8.25%
Archer-Daniels-Midland Company	32.30	34.24	6.01%	6.01%	39.08	20.99%	8.25%	20.19	-37.49%	-35.00%
Barrick Gold Corporation	48.59	49.56	2.00%	2.00%	55.88	15.00%	8.25%	29.15	-40.01%	-35.00%
The Boeing Company	68.58	39.78	-41.99%	-35.00%	78.18	14.00%	8.25%	43.72	-36.25%	-35.00%
Caterpillar Inc.	79.08	80.35	1.61%	1.61%	96.48	22.00%	8.25%	49.03	-38.00%	-35.00%
Deere & Company	71.96	73.40	2.00%	2.00%	80.60	12.01%	8.25%	46.52	-35.35%	-35.00%
Ford Motor Company	13.24	13.37	0.98%	0.98%	14.90	12.54%	8.25%	14.27	7.78%	7.78%
General Electric Company	16.90	16.99	0.53%	0.53%	19.77	16.98%	8.25%	18.00	6.51%	6.51%
Goldcorp Inc.	45.18	45.43	0.55%	0.55%	52.86	17.00%	8.25%	48.23	6.75%	6.75%
JPMorgan Chase & Co.	39.90	41.40	3.76%	3.76%	49.88	25.01%	8.25%	42.89	7.49%	7.49%
McDonald's Corporation	75.56	82.17	8.75%	8.25%	85.38	13.00%	8.25%	81.79	8.00%	8.00%
Monsanto Company	48.65	49.19	1.11%	1.11%	54.97	12.99%	8.25%	57.16	17.49%	8.25%
Motorola, Inc.	8.56	8.75	2.22%	2.22%	9.76	14.02%	8.25%	12.16	42.06%	8.25%
Verizon Communications Inc.	33.36	33.91	1.65%	1.65%	37.36	11.99%	8.25%	37.36	11.99%	8.25%
Wal-Mart Stores, Inc.	54.56	55.65	2.00%	2.00%	68.75	26.01%	8.25%	68.75	26.01%	8.25%
<b>Hypothetical Average Stock Return</b>			-0.49%			16.44%			-1.99%	
<b>Hypothetical Average Performance Level</b>				-0.05%			8.25%			-6.48%
<b>Hypothetical Coupon Rate</b>				2.00%			8.25%			2.00%

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## Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the "Risk Factors" sections beginning on page S-8 of product supplement VCN-1 and page S-4 of 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 notes.

- You may not receive any interest payment on one or more Coupon Payment Dates in excess of the Minimum Coupon Rate.
- Your yield may be less than the yield on a conventional debt security of comparable maturity.
- The Coupon Rate that will be applicable to each Coupon Payment Date is limited to the same rate as the Return Cap.
- Due to the Return Cap, a significantly negative Stock Return of one or more Basket Stocks may not be offset by the positive stock return of one or more other Basket Stocks.
- Your investment return, if any, may be less than a comparable investment directly in the Basket or the Basket Stocks.
- You must rely on your own evaluation of the merits of an investment linked to the Basket Stocks.
- Payments on the notes are subject to our credit risk, and changes in our credit ratings are expected to affect the value of the notes.
- In seeking to provide you with what we believe to be commercially reasonable terms for the notes while providing MLPF&S with compensation for its services, we have considered the costs of developing, hedging, and distributing the notes.
- A trading market is not expected to develop for the notes. MLPF&S is not obligated to make a market for, or repurchase, the notes.
- The Coupon Payments will not be affected by all developments relating to the Basket Stocks.
- Changes in the value of one or more of the Basket Stocks may be offset by changes in the value of one or more of the other Basket Stocks.
- If you attempt to sell the notes 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.
- You will have no rights as a holder of any of the Basket Stocks, you will have no rights to receive any of the Basket Stocks, and you will not be entitled to dividends or other distributions by the issuers of the Basket Stocks.
- Although we or our affiliates may from time to time hold one or more of the Basket Stocks, we do not control any company included in the Basket and are not responsible for any disclosure made by any other company.
- Our business activities relating to the issuers of the Basket Stocks may create conflicts of interest with you.
- The issuers of the Basket Stocks have no obligations relating to the notes and we will not perform any due diligence procedures with respect to these issuers.
- If you attempt to sell the notes 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.
- 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 notes and their market value.
- The Annual Level of each Basket Stock determined on any Coupon Determination Date is not subject to adjustment for all corporate events.
- There may be potential conflicts of interest involving the calculation agent. We have the right to appoint and remove the calculation agent.
- You should consider the tax consequences of investing in the notes. See "Summary Tax Consequences" and "Certain U.S. Federal Income Taxation Considerations" below, and "U.S. Federal Income Tax Summary" beginning on page S-29 of product supplement VCN-1.

## Investor Considerations

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

- You anticipate that the Annual Level of each of the Basket Stocks will be greater than the Initial Share Price on each of the Coupon Determination Dates.
- You accept that the Coupon Rate applicable to each annual interest period is uncertain and may be limited to 2% per annum.
- You accept that the Coupon Rate for each Coupon Payment Date is limited to the same rate as the Return Cap.
- You seek exposure to the Basket Stocks with no expectation of dividends or other benefits of owning the Basket Stocks.
- You are willing to accept that a trading market is not expected to develop for the notes. You understand that secondary market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness.
- You are willing to make an investment, the payments on which depend on our creditworthiness, as the issuer of the notes.

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

- You anticipate that the Annual Level of each of the Basket Stocks will be less than the Initial Share Price on each of the Coupon Determination Dates.
- You seek an investment that provides annual interest payments with a guaranteed rate or a floating rate that is not limited to a percentage that will be between 6.75% and 9.75%.
- You want to receive dividends or other distributions paid on the Basket Stocks.
- You seek assurances that there will be a liquid market if and when you want to sell the notes prior to maturity.
- You are unwilling or are unable to assume the credit risk associated with us, as the issuer of the notes.



## Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
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## Other Provisions

We may deliver the notes 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, if the initial settlement of the notes occurs more than three business days from the pricing date, purchasers who wish to trade the notes 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 the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

## Supplement to the Plan of Distribution

MLPF&S, a broker-dealer subsidiary of BAC, is a member of the Financial Industry Regulatory Authority, Inc. (formerly the National Association of Securities Dealers, Inc. (the "NASD")) and will participate as selling agent in the distribution of the notes. Accordingly, offerings of the notes will conform to the requirements of NASD Rule 2720. Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us on the issue date as principal at the purchase price indicated on the cover of this term sheet, less the indicated underwriting discount. MLPF&S will also sell the notes to other broker-dealers that will participate in the offering and that are not affiliated with us.

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

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Variable Coupon Notes



## The Basket Stocks

None of the issuers of the Basket Stocks has authorized or sanctioned the notes or participated in the preparation of this term sheet. Each of these issuers is subject to the informational requirements of the Exchange Act and files reports and other information with the SEC. Companies with securities registered under the Exchange Act are required to file periodically financial and other information required by the SEC. Information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material also can be obtained from the Public Reference Section at prescribed rates. In addition, information filed electronically by each of the issuers of the Basket Stocks with the SEC can be reviewed through a website maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>.

This term sheet relates only to the notes and does not relate to the Basket Stocks. We are not offering or selling securities of any of the issuers of the Basket Stocks. The descriptions of the Basket Stocks in this section are derived from the publicly available documents described in the preceding paragraph. None of us or our affiliates has participated in the preparation of these documents, verified the accuracy or the completeness of the information concerning the Basket Stocks included in the publicly available documents or made any due diligence inquiry with respect to the Basket Stocks. We do not make any representation that the publicly available documents or any other publicly available information about the Basket Stocks are accurate or complete. There can be no assurance that events occurring prior or subsequent to the date of this term sheet (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that might affect the value of any of the Basket Stocks have been or will be publicly disclosed. Because each Coupon Payment is related to the value of the Basket Stocks, those events, if any, also would affect the market value of the notes. We do not intend to furnish to you any additional information about the Basket Stocks. Neither we nor any of our affiliates makes any representation to you as to the future performance of any of the Basket Stocks.

We obtained the historical prices of the Basket Stocks shown below from the Bloomberg Financial<sup>®</sup> service, without independent verification. The historical value of any Basket Stock should not be taken as an indication of its future performance, and we cannot assure you that its Annual Level determined on any Coupon Determination Date will not decrease from its Initial Share Price.

You should make your own investigation into the Basket Stocks.

## Historical Data on the Basket Stocks

The following tables set forth the high, low, and period-end closing prices of each of the Basket Stocks from the first quarter of 2006 through October 6, 2010.

### Altria Group, Inc.

Altria Group, Inc. is a holding company. The company, through subsidiaries, manufactures and sells cigarettes and other tobacco products, including cigars and pipe tobacco. Altria holds an interest in a brewery company. This Basket Stock trades on the New York Stock Exchange under the symbol "MO."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	17.70	16.40	16.40
Second Quarter	17.10	15.90	17.00
Third Quarter	19.55	16.97	17.72
Fourth Quarter	19.96	17.51	19.86
<b>2007</b>			
First Quarter	20.69	19.03	20.32
Second Quarter	22.15	20.98	21.63
Third Quarter	22.23	20.10	21.44
Fourth Quarter	24.12	21.37	23.31
<b>2008</b>			
First Quarter	24.43	21.58	22.20
Second Quarter	22.77	20.00	20.56
Third Quarter	21.71	19.35	19.84
Fourth Quarter	20.55	14.45	15.06
<b>2009</b>			
First Quarter	17.27	14.62	16.02
Second Quarter	17.39	16.11	16.39
Third Quarter	18.59	16.30	17.81
Fourth Quarter	20.37	17.47	19.63
<b>2010</b>			
First Quarter	20.82	19.37	20.52
Second Quarter	21.70	19.57	20.04
Third Quarter	24.25	20.24	24.02
Fourth Quarter (through October 6, 2010)	24.43	23.78	24.43



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
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ENHANCED PARTICIPATION

## Archer-Daniels-Midland Company

Archer-Daniels-Midland Company procures, transports, stores, processes, and merchandises agricultural commodities and products. The company processes oilseeds, corn, milo, oats, barley, peanuts, and wheat. Archer-Daniels-Midland also processes produce products which have primarily two end uses including food or feed ingredients. This Basket Stock trades on the New York Stock Exchange under the symbol "ADM."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	35.26	24.38	33.65
Second Quarter	45.25	35.21	41.28
Third Quarter	44.00	37.17	37.88
Fourth Quarter	39.87	31.48	31.96
<b>2007</b>			
First Quarter	36.84	30.70	36.70
Second Quarter	39.52	32.27	33.09
Third Quarter	36.73	32.09	33.08
Fourth Quarter	47.09	32.70	46.43
<b>2008</b>			
First Quarter	46.58	40.18	41.16
Second Quarter	48.18	32.51	33.75
Third Quarter	33.30	20.49	21.91
Fourth Quarter	28.83	15.29	28.83
<b>2009</b>			
First Quarter	29.19	24.25	27.78
Second Quarter	28.97	23.73	26.77
Third Quarter	31.94	26.54	29.22
Fourth Quarter	32.61	28.43	31.31
<b>2010</b>			
First Quarter	31.64	28.26	28.90
Second Quarter	29.11	24.51	25.82
Third Quarter	33.39	25.50	31.92
Fourth Quarter (through October 6, 2010)	32.38	31.61	32.30

## Barrick Gold Corporation

Barrick Gold Corporation is an international gold company with operating mines and development projects in the United States, Canada, South America, Australia, and Africa. This Basket Stock trades on the New York Stock Exchange under the symbol "ABX."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	31.46	25.65	27.24
Second Quarter	35.23	26.89	29.60
Third Quarter	34.04	28.28	30.72
Fourth Quarter	31.50	28.34	30.70
<b>2007</b>			
First Quarter	32.11	27.42	28.55
Second Quarter	31.17	27.99	29.07
Third Quarter	40.94	29.60	40.28
Fourth Quarter	46.98	37.39	42.05
<b>2008</b>			
First Quarter	53.57	41.94	43.45
Second Quarter	46.04	37.36	45.50
Third Quarter	50.39	26.60	36.74
Fourth Quarter	37.36	18.14	36.77
<b>2009</b>			
First Quarter	39.58	26.04	32.42
Second Quarter	38.08	27.53	33.55
Third Quarter	40.04	31.48	37.90
Fourth Quarter	47.93	34.58	39.38
<b>2010</b>			
First Quarter	41.76	34.00	38.34
Second Quarter	46.38	39.11	45.41
Third Quarter	47.22	40.03	46.29
Fourth Quarter (through October 6, 2010)	48.59	45.98	48.59





# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## The Boeing Company

The Boeing Company, together with its subsidiaries, develops, produces, and markets commercial jet aircraft, as well as provides related support services to the commercial airline industry worldwide. The company also researches, develops, produces, modifies, and supports information, space, and defense systems, including military aircraft, helicopters and space and missile systems. This Basket Stock trades on the New York Stock Exchange under the symbol "BA."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	79.18	66.49	77.93
Second Quarter	88.94	76.98	81.91
Third Quarter	83.75	72.80	78.85
Fourth Quarter	91.10	79.14	88.84
<b>2007</b>			
First Quarter	91.71	85.43	88.91
Second Quarter	100.59	88.83	96.16
Third Quarter	107.23	92.74	104.99
Fourth Quarter	106.65	86.62	87.46
<b>2008</b>			
First Quarter	86.98	72.45	74.37
Second Quarter	87.07	65.72	65.72
Third Quarter	69.26	55.47	57.35
Fourth Quarter	56.62	37.11	42.67
<b>2009</b>			
First Quarter	46.31	29.36	35.58
Second Quarter	52.83	35.44	42.50
Third Quarter	54.62	39.04	54.15
Fourth Quarter	56.05	47.22	54.13
<b>2010</b>			
First Quarter	74.11	56.18	72.61
Second Quarter	75.59	60.11	62.75
Third Quarter	69.69	60.76	66.54
Fourth Quarter (through October 6, 2010)	68.60	66.33	68.58

## Caterpillar Inc.

Caterpillar Inc. designs, manufactures, and markets construction, mining, agricultural, and forestry machinery. The company also manufactures engines and other related parts for its equipment, and offers financing and insurance. Caterpillar distributes its products through a worldwide organization of dealers. This Basket Stock trades on the New York Stock Exchange under the symbol "CAT."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	76.26	57.80	71.81
Second Quarter	81.14	66.32	74.48
Third Quarter	74.77	62.77	65.80
Fourth Quarter	69.93	59.00	61.33
<b>2007</b>			
First Quarter	68.21	58.17	67.03
Second Quarter	82.49	66.35	78.30
Third Quarter	86.98	72.64	78.43
Fourth Quarter	82.51	67.83	72.56
<b>2008</b>			
First Quarter	78.29	62.47	78.29
Second Quarter	85.28	73.75	73.82
Third Quarter	74.98	59.60	59.60
Fourth Quarter	56.95	32.78	44.67
<b>2009</b>			
First Quarter	46.91	22.17	27.96
Second Quarter	40.00	28.99	33.04
Third Quarter	54.34	30.29	51.33
Fourth Quarter	60.40	48.83	56.99
<b>2010</b>			
First Quarter	64.13	50.78	62.85
Second Quarter	71.65	55.83	60.07
Third Quarter	79.99	59.18	78.68
Fourth Quarter (through October 6, 2010)	79.40	77.27	79.08



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## Deere & Company

Deere & Company manufactures and distributes a range of agricultural, construction and forestry, and commercial and consumer equipment. The company supplies replacement parts for its own products and for those of other manufacturers. The company also provides product and parts financing services. This Basket Stock trades on the New York Stock Exchange under the symbol "DE."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	39.89	34.00	39.53
Second Quarter	45.67	38.65	41.75
Third Quarter	42.39	34.34	41.96
Fourth Quarter	49.07	41.80	47.54
<b>2007</b>			
First Quarter	57.98	45.45	54.32
Second Quarter	62.15	52.24	60.37
Third Quarter	74.21	58.55	74.21
Fourth Quarter	93.12	70.76	93.12
<b>2008</b>			
First Quarter	94.69	76.40	80.44
Second Quarter	93.35	71.38	72.13
Third Quarter	73.47	47.76	49.50
Fourth Quarter	46.30	28.77	38.32
<b>2009</b>			
First Quarter	45.99	24.83	32.87
Second Quarter	47.05	34.26	39.95
Third Quarter	46.31	35.31	42.92
Fourth Quarter	56.59	41.13	54.09
<b>2010</b>			
First Quarter	61.96	48.96	59.46
Second Quarter	62.21	54.78	55.68
Third Quarter	73.61	54.50	69.78
Fourth Quarter (through October 6, 2010)	71.96	68.57	71.96

## Ford Motor Company

Ford Motor Company designs, manufactures, and services cars and trucks. The company also provides vehicle-related financing, leasing, and insurance through its subsidiary. This Basket Stock trades on the New York Stock Exchange under the symbol "F."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	8.93	7.55	7.96
Second Quarter	7.95	6.36	6.93
Third Quarter	9.19	6.19	8.09
Fourth Quarter	9.03	6.88	7.51
<b>2007</b>			
First Quarter	8.73	7.51	7.89
Second Quarter	9.49	7.74	9.42
Third Quarter	9.64	7.50	8.49
Fourth Quarter	9.20	6.70	6.73
<b>2008</b>			
First Quarter	6.85	5.11	5.72
Second Quarter	8.48	4.81	4.81
Third Quarter	6.03	4.17	5.20
Fourth Quarter	4.55	1.26	2.29
<b>2009</b>			
First Quarter	2.94	1.58	2.63
Second Quarter	6.41	2.74	6.07
Third Quarter	8.44	5.35	7.21
Fourth Quarter	10.20	6.84	10.00
<b>2010</b>			
First Quarter	14.10	10.28	12.57
Second Quarter	14.46	9.88	10.08
Third Quarter	13.16	10.16	12.24
Fourth Quarter (through October 6, 2010)	13.24	12.26	13.24

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# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## General Electric Company

General Electric Company is a diversified technology, media, and financial services company. The company offers products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content, and industrial products. This Basket Stock trades on the New York Stock Exchange under the symbol "GE."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	35.48	32.31	34.78
Second Quarter	35.16	32.88	32.96
Third Quarter	35.48	32.11	35.30
Fourth Quarter	38.15	34.71	37.21
<b>2007</b>			
First Quarter	38.11	34.09	35.36
Second Quarter	39.29	34.76	38.28
Third Quarter	41.77	36.90	41.40
Fourth Quarter	42.12	36.25	37.07
<b>2008</b>			
First Quarter	37.49	31.70	37.01
Second Quarter	38.43	26.26	26.69
Third Quarter	29.95	23.10	25.50
Fourth Quarter	24.50	12.84	16.20
<b>2009</b>			
First Quarter	17.07	6.66	10.11
Second Quarter	14.53	10.17	11.72
Third Quarter	17.01	10.71	16.42
Fourth Quarter	16.84	14.19	15.13
<b>2010</b>			
First Quarter	18.45	15.45	18.20
Second Quarter	19.50	14.42	14.42
Third Quarter	16.66	13.88	16.25
Fourth Quarter (through October 6, 2010)	16.90	16.10	16.90

## Goldcorp Inc.

Goldcorp Inc. is a North American gold producer. The company has gold mining operations in the United States, Canada, Mexico, Brazil, Argentina and Australia. It owns the Red Lake mine in Ontario. This Basket Stock trades on the New York Stock Exchange under the symbol "GG."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	29.43	23.57	29.25
Second Quarter	40.67	24.70	30.22
Third Quarter	31.30	21.98	23.60
Fourth Quarter	31.18	21.13	28.44
<b>2007</b>			
First Quarter	28.84	23.29	24.02
Second Quarter	26.76	22.49	23.69
Third Quarter	30.56	21.56	30.56
Fourth Quarter	37.08	29.78	33.93
<b>2008</b>			
First Quarter	45.59	33.93	38.75
Second Quarter	46.36	34.47	46.17
Third Quarter	51.06	25.20	31.63
Fourth Quarter	32.20	15.06	31.53
<b>2009</b>			
First Quarter	34.93	24.31	33.32
Second Quarter	39.73	27.01	34.75
Third Quarter	42.93	32.93	40.37
Fourth Quarter	45.92	36.23	39.34
<b>2010</b>			
First Quarter	42.45	33.22	37.22
Second Quarter	46.22	38.28	43.85
Third Quarter	44.34	38.76	43.52
Fourth Quarter (through October 6, 2010)	45.18	42.92	45.18



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## JPMorgan Chase & Co.

JPMorgan Chase & Co. provides global financial services and retail banking. The company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance. This Basket Stock trades on the New York Stock Exchange under the symbol "JPM."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	42.11	38.05	41.64
Second Quarter	46.65	39.95	42.00
Third Quarter	47.22	40.71	46.96
Fourth Quarter	48.95	46.01	48.30
<b>2007</b>			
First Quarter	51.65	46.70	48.38
Second Quarter	53.20	48.24	48.45
Third Quarter	50.05	43.00	45.82
Fourth Quarter	47.58	40.46	43.65
<b>2008</b>			
First Quarter	48.25	36.48	42.95
Second Quarter	49.25	34.31	34.31
Third Quarter	48.24	31.02	46.70
Fourth Quarter	49.85	22.72	31.53
<b>2009</b>			
First Quarter	31.35	15.90	26.58
Second Quarter	38.94	27.25	34.11
Third Quarter	46.47	32.27	43.82
Fourth Quarter	47.16	40.27	41.67
<b>2010</b>			
First Quarter	45.02	37.70	44.75
Second Quarter	47.81	36.61	36.61
Third Quarter	41.64	35.63	38.07
Fourth Quarter (through October 6, 2010)	39.90	38.81	39.90

## McDonald's Corporation

McDonald's Corporation operates and franchises fast-food restaurants worldwide. The company's franchised and company operated fast food restaurants offer a variety of low price fast foods in locations around the world. This Basket Stock trades on the New York Stock Exchange under the symbol "MCD."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	36.37	33.52	34.36
Second Quarter	35.96	31.94	33.60
Third Quarter	39.79	33.04	39.12
Fourth Quarter	44.36	39.51	44.33
<b>2007</b>			
First Quarter	46.05	42.91	45.05
Second Quarter	52.50	44.82	50.76
Third Quarter	55.45	47.56	54.47
Fourth Quarter	63.13	55.95	58.91
<b>2008</b>			
First Quarter	58.17	50.75	55.77
Second Quarter	61.17	55.40	56.22
Third Quarter	65.95	57.19	61.70
Fourth Quarter	63.66	51.55	62.19
<b>2009</b>			
First Quarter	63.75	50.86	54.57
Second Quarter	60.99	52.40	57.49
Third Quarter	58.82	54.23	57.07
Fourth Quarter	64.53	56.61	62.44
<b>2010</b>			
First Quarter	67.35	61.45	66.72
Second Quarter	71.52	65.87	65.87
Third Quarter	76.08	66.11	74.51
Fourth Quarter (through October 6, 2010)	75.82	74.92	75.56



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## Monsanto Company

Monsanto Company provides agricultural products for farmers. The company's business segments are seeds and genomics. Monsanto produces a wide range of seeds and develops biotechnology traits that assist farmers in controlling insects and weeds as well as provides other seed companies with genetic material and biotechnology traits for their seed brands. This Basket Stock trades on the New York Stock Exchange under the symbol "MON."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	43.99	39.31	42.38
Second Quarter	44.30	38.05	42.10
Third Quarter	48.24	41.02	47.01
Fourth Quarter	53.08	42.99	52.53
<b>2007</b>			
First Quarter	56.48	49.85	54.96
Second Quarter	67.55	55.01	67.54
Third Quarter	85.74	62.72	85.74
Fourth Quarter	115.33	84.24	111.69
<b>2008</b>			
First Quarter	127.25	97.13	111.50
Second Quarter	142.69	110.93	126.44
Third Quarter	125.12	97.15	98.98
Fourth Quarter	97.84	66.26	70.35
<b>2009</b>			
First Quarter	87.64	71.65	83.10
Second Quarter	91.83	74.34	74.34
Third Quarter	86.22	71.34	77.40
Fourth Quarter	83.53	67.18	81.75
<b>2010</b>			
First Quarter	86.65	70.65	71.42
Second Quarter	70.83	46.22	46.22
Third Quarter	61.28	45.12	47.93
Fourth Quarter (through October 6, 2010)	48.80	47.77	48.65

## Motorola, Inc.

Motorola, Inc. provides integrated communications solutions and embedded electronic solutions. The company offers wireless handsets, wireless accessories, digital entertainment devices, wireless access systems, voice and data communications systems, and enterprise mobility products. This Basket Stock trades on the New York Stock Exchange under the symbol "MOT."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	24.53	20.53	22.91
Second Quarter	24.08	19.31	20.15
Third Quarter	25.27	18.69	25.00
Fourth Quarter	26.20	20.26	20.56
<b>2007</b>			
First Quarter	20.57	17.50	17.67
Second Quarter	18.92	17.33	17.70
Third Quarter	18.72	16.06	18.53
Fourth Quarter	19.34	15.24	16.04
<b>2008</b>			
First Quarter	16.07	9.21	9.30
Second Quarter	10.26	7.30	7.34
Third Quarter	10.33	6.68	7.14
Fourth Quarter	7.44	3.15	4.43
<b>2009</b>			
First Quarter	4.93	3.10	4.23
Second Quarter	6.87	4.33	6.63
Third Quarter	9.20	6.04	8.59
Fourth Quarter	9.31	7.75	7.76
<b>2010</b>			
First Quarter	8.13	6.15	7.02
Second Quarter	7.67	6.52	6.52
Third Quarter	8.68	6.48	8.53
Fourth Quarter (through October 6, 2010)	8.64	8.46	8.56



# Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

## Verizon Communications Inc.

Verizon Communications Inc. is a telecommunications company that provides wire line voice and data services, wireless services, Internet services, and published directory information. The company also provides network services for the federal government, including business phone lines, data services, telecommunications equipment and payphones. This Basket Stock trades on the New York Stock Exchange under the symbol "VZ."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	31.39	27.23	30.53
Second Quarter	31.01	27.26	30.02
Third Quarter	34.04	28.31	33.28
Fourth Quarter	34.81	31.85	34.64
<b>2007</b>			
First Quarter	35.93	33.19	35.27
Second Quarter	40.76	34.76	38.30
Third Quarter	41.56	37.42	41.19
Fourth Quarter	42.86	38.36	40.64
<b>2008</b>			
First Quarter	40.42	31.46	33.91
Second Quarter	36.99	32.03	33.08
Third Quarter	33.49	28.61	29.98
Fourth Quarter	31.98	23.43	31.68
<b>2009</b>			
First Quarter	32.37	24.46	28.22
Second Quarter	30.86	26.92	28.71
Third Quarter	30.19	26.74	28.28
Fourth Quarter	31.52	26.76	30.94
<b>2010</b>			
First Quarter	31.15	26.51	28.98
Second Quarter	29.40	25.16	26.18
Third Quarter	32.86	26.28	32.59
Fourth Quarter (through October 6, 2010)	33.57	32.89	33.36

## Wal-Mart Stores, Inc.

Wal-Mart Stores, Inc. operates discount stores, supercenters, and neighborhood markets. The company's discount stores and supercenters offer merchandise such as apparel, housewares, small appliances, electronics, and hardware. Wal-Mart's markets offer a full-line supermarket and a limited assortment of general merchandise. The company operates nationally and internationally. This Basket Stock trades on the New York Stock Exchange under the symbol "WMT."

	High Closing Price	Low Closing Price	Period-End Closing Price
<b>2006</b>			
First Quarter	48.54	44.74	47.24
Second Quarter	49.65	45.03	48.17
Third Quarter	49.81	43.02	49.32
Fourth Quarter	51.75	45.54	46.18
<b>2007</b>			
First Quarter	50.26	45.73	46.95
Second Quarter	51.21	46.33	48.11
Third Quarter	49.15	42.27	43.65
Fourth Quarter	49.43	42.90	47.53
<b>2008</b>			
First Quarter	53.62	45.72	52.68
Second Quarter	59.80	54.08	56.20
Third Quarter	63.17	56.02	59.89
Fourth Quarter	59.73	49.67	56.06
<b>2009</b>			
First Quarter	57.18	46.42	52.10
Second Quarter	53.80	47.87	48.44
Third Quarter	51.88	47.57	49.09
Fourth Quarter	54.96	49.00	53.45
<b>2010</b>			
First Quarter	55.99	52.61	55.60
Second Quarter	55.53	48.07	48.07
Third Quarter	54.08	48.00	53.52
Fourth Quarter (through October 6, 2010)	54.56	53.36	54.56



# U.S. Federal Income Tax Summary

Set forth below is a summary of certain U.S. federal income tax considerations relating to an investment in the notes. 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" beginning on page S-29 of product supplement VCN-1, which you should carefully review prior to investing in the notes. For purposes of that discussion, we intend to take the position that the notes will be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, subject to taxation under the "noncontingent bond method," and the balance of this discussion assumes that this characterization is proper and will be respected. Capitalized terms used and not defined herein have the meanings ascribed to them in product supplement VCN-1.

Under this characterization, the notes generally will be subject to the Treasury regulations governing contingent payment debt instruments. Under those regulations, a U.S. Holder will be required to report OID or interest income based on a "comparable yield" and a "projected payment schedule," established by us for determining interest accruals and adjustments with respect to a note. A U.S. Holder who does not use the "comparable yield" and follow the "projected payment schedule" to calculate its OID and interest income on a note must timely disclose and justify the use of other estimates to the IRS.

A U.S. Holder will be required to recognize interest income equal to the amount of any "positive adjustment" for a note for the taxable year in which a contingent payment is paid (including a payment of interest at maturity). A positive adjustment is the excess of actual payments in respect of contingent payments over the projected amount of contingent payments. A U.S. Holder also will be required to account for any "negative adjustment" for a taxable year in which a contingent payment is paid. A negative adjustment is the excess of the projected amounts of contingent payments over actual payments in respect of the contingent payments. A net negative adjustment is the amount by which total negative adjustments in a taxable year exceed total positive adjustments in such taxable year. A net negative adjustment (1) will first reduce the amount of interest for the note that a U.S. Holder would otherwise be required to include in income in the taxable year, and (2) to the extent of any excess, will result in an ordinary loss equal to that portion of the excess as does not exceed the excess of (A) the amount of all previous interest inclusions under the note over (B) the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the note in prior taxable years. A net negative adjustment is not subject to the 2% floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described above in (1) and (2) will be carried forward to offset future interest income on the note or to reduce the amount realized on a sale, exchange, or redemption of the note and, in the case of a payment at maturity, should result in a capital loss. The deductibility of capital losses by a U.S. Holder is subject to limitations.

The following table assumes an expected issue date of October 29, 2010 and maturity date of November 1, 2016 for the notes and is based upon a hypothetical projected payment schedule and a hypothetical comparable yield equal to 3.6019% per annum (compounded annually), that we established for the notes, and shows the amounts of ordinary income from a note that an initial U.S. Holder that holds the note until maturity and pays taxes on a calendar year basis should be required to report each calendar year. The following tables are for illustrative purposes only. The actual tables will be completed on the pricing date and included in the final term sheet.

Accrual Period	Interest Deemed to Accrue During Accrual Period (per \$1,000 principal amount per unit of the notes)	Total Interest Deemed to Have Accrued from Original Issue Date (per \$1,000 principal amount per unit of the notes)
October 29, 2010 through December 31, 2010	0.0605	0.0605
January 1, 2011 through December 31, 2011	0.3622	0.4227
January 1, 2012 through December 31, 2012	0.3602	0.7829
January 1, 2013 through December 31, 2013	0.3602	1.1431
January 1, 2014 through December 31, 2014	0.3602	1.5033
January 1, 2015 through December 31, 2015	0.3602	1.8634
January 1, 2016 through November 1, 2016	0.2997	2.1631

In addition, we have determined the hypothetical projected payment schedule for the notes as follows:

Date	Projected Payment
November 1, 2011	\$0.3622
November 1, 2012	\$0.3602
November 1, 2013	\$0.3602
October 31, 2014	\$0.3602
October 30, 2015	\$0.3592
November 1, 2016	\$10.3612

You should be aware that these amounts are not calculated or provided for any purposes other than the determination of a U.S. Holder's interest accruals and adjustments with respect to the notes for U.S. federal income tax purposes. By providing the table above and the projected payment schedule, we make no representations regarding the actual amounts of interest payments on the notes.



## Variable Coupon Notes

Linked to a Basket of 15 Common Equity Securities, due November , 2016

STRUCTURED INVESTMENTS

PRINCIPAL PROTECTION  
ENHANCED INCOME  
MARKET PARTICIPATION  
ENHANCED PARTICIPATION

Upon a sale, exchange, or redemption of a note prior to maturity, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, or redemption and the holder's tax basis in the notes. A U.S. Holder's tax basis in a note generally will equal the cost of that note, increased by the amount of OID previously accrued by the holder for that note (without regard to any positive or negative adjustments under the contingent payment debt regulations), and decreased by the amount of any projected payments for previous periods on the note. A U.S. Holder generally will treat any gain as interest income, and will treat any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary losses, and the balance as long-term or short-term capital loss depending upon the U.S. Holder's holding period for the note.

**You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, 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" beginning on page S-29 of product supplement VCN-1.**

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## Additional Terms

You should read this term sheet, together with the documents listed below, which together contain the terms of the notes 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 notes 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 notes.

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 VCN-1 dated August 25, 2010:  
<http://www.sec.gov/Archives/edgar/data/70858/000119312510196847/d424b5.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/q18667b5e424b5.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 notes, 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 against decreases in the value of the underlying market measure (or increases in the value of an underlying market measure for bearish Structured Investments), 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 generally do not 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 generally do not 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.