

**Subject to Completion**  
**Preliminary Term Sheet dated March 29, 2011**

<p>Units          Accelerated Return Notes®          Linked to the Common Stock of Dell Inc.,          due June , 2012          \$10 principal amount per unit          Term Sheet No.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Expected Pricing Date*</td> <td style="width: 40%;">April , 2011</td> </tr> <tr> <td>Settlement Date*</td> <td>April , 2011</td> </tr> <tr> <td>Maturity Date*</td> <td>June , 2012</td> </tr> <tr> <td>CUSIP No.</td> <td></td> </tr> </table>	Expected Pricing Date*	April , 2011	Settlement Date*	April , 2011	Maturity Date*	June , 2012	CUSIP No.	
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## Accelerated Return Notes®

- 3-to-1 upside exposure to any increase in the price of the common stock of Dell Inc., subject to a cap of 19% to 23%
- 1-to-1 downside exposure, with no downside limit
- A maturity of approximately 14 months
- Payment of the Redemption Amount at maturity is subject to the credit risk of Bank of America Corporation
- No periodic interest payments
- No listing on any securities exchange

- Market Downside Protection**
- Enhanced Income**
- Market Access**
- Enhanced Return**



The ARNs are being offered by Bank of America Corporation ("BAC"). The ARNs will have the terms specified in this term sheet as supplemented by the documents indicated below under "Additional Terms" (together, the "Note Prospectus"). Investing in the ARNs involves a number of risks. **There are important differences between the ARNs 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-10 of product supplement ARN-3. The ARNs:**

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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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.

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 <sup>(1)</sup>	\$ 10.00	\$
Underwriting discount <sup>(1)</sup>	\$ 0.20	\$
Proceeds, before expenses, to Bank of America Corporation	\$ 9.80	\$

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

\*Depending on the date the ARNs are priced for initial sale to the public (the "pricing date"), which may be in April or May 2011, the settlement date may occur in April or May 2011, and the maturity date may occur in June or July 2012. Any reference in this term sheet to the month in which the pricing date, settlement date, or maturity date will occur is subject to change as specified above.

**Merrill Lynch & Co.**

April , 2011



## Summary

The Accelerated Return Notes® Linked to the Common Stock of Dell Inc., due June , 2012 (the "ARNs") are our senior unsecured debt securities. The ARNs are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. **The ARNs will rank equally with all of our other unsecured and unsubordinated debt, and any payments due on the ARNs, including any repayment of principal, will be subject to the credit risk of BAC.** The ARNs provide a leveraged return for investors, subject to a cap, if the price of the common stock of Dell Inc. (the "Underlying Stock") increases moderately from the Starting Value, determined on the pricing date as described below, to the Ending Value, determined during the Maturity Valuation Period. Investors must be willing to forgo interest payments on the ARNs 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.

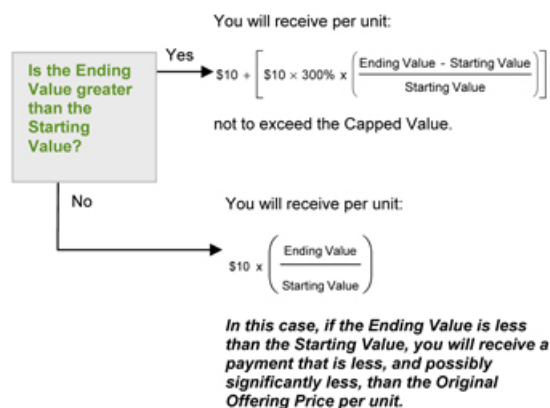
Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement ARN-3. Unless otherwise indicated or unless the context requires otherwise, all references in this document to "we," "us," "our," or similar references are to BAC.

## Terms of the ARNs

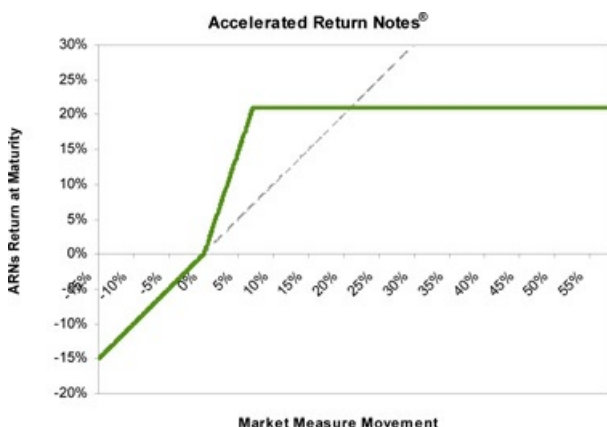
<b>Issuer:</b>	Bank of America Corporation ("BAC")
<b>Original Offering Price:</b>	\$10.00 per unit
<b>Term:</b>	Approximately 14 months
<b>Underlying Stock:</b>	Common stock of Dell Inc. (the "Underlying Company") (NASDAQ symbol: "DELL")
<b>Starting Value:</b>	The Volume Weighted Average Price on the pricing date.
<b>Volume Weighted Average Price:</b>	Absent a determination of manifest error, the volume weighted average price (rounded to two decimal places) shown on page "AQR" on Bloomberg L.P. for trading in shares of the Underlying Stock taking place from approximately 9:30 a.m. to 4:05 p.m. on all U.S. exchanges.
<b>Ending Value:</b>	The average of the Closing Market Price of the Underlying Stock multiplied by the Price Multiplier on each scheduled calculation day during the Maturity Valuation Period. If it is determined that a scheduled calculation day is not a trading day, or if a Market Disruption Event occurs on a scheduled calculation day, the Ending Value will be determined as more fully described on page TS-6.
<b>Capped Value:</b>	\$11.90 to \$12.30 per unit of the ARNs, which represents a return of 19% to 23% over the Original Offering Price. The actual Capped Value will be determined on the pricing date and set forth in the final term sheet that will be made available in connection with sales of the ARNs.
<b>Maturity Valuation Period:</b>	Five scheduled calculation days shortly before the maturity date, determined on the pricing date and set forth in the final term sheet that will be made available in connection with sales of the ARNs.
<b>Price Multiplier:</b>	1, subject to adjustment for certain corporate events relating to the Underlying Stock described beginning on page S-31 of product supplement ARN-3.
<b>Calculation Agent:</b>	MLPF&S, a subsidiary of BAC

## Determining the Redemption Amount for the ARNs

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



## Hypothetical Payout Profile



This graph reflects the **hypothetical** returns on the ARNs, based on the Participation Rate of 300% and a **hypothetical** Capped Value of \$12.10 (a 21% return), the midpoint of the Capped Value range of \$11.90 to \$12.30. The green line reflects the **hypothetical** returns on the ARNs, while the dotted gray line reflects the **hypothetical** returns of a direct investment in the Underlying Stock, excluding dividends.

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

## Hypothetical Redemption Amounts

### Examples

Set forth below are three examples of **hypothetical** Redemption Amount calculations (rounded to two decimal places) payable at maturity, based upon the Participation Rate of 300%, a **hypothetical** Starting Value of \$15.05 (the Volume Weighted Average Price of the Underlying Stock on March 25, 2011, rounded to two decimal places), and a **hypothetical** Capped Value of \$12.10 (per unit), the midpoint of the Capped Value range of \$11.90 and \$12.30:

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

Hypothetical Starting Value: \$15.05  
 Hypothetical Ending Value: \$12.04

$$\$10 \times \left( \frac{12.04}{15.05} \right) = \$8.00$$

Hypothetical Redemption Amount (per unit) = \$8.00

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

Hypothetical Starting Value: \$15.05  
 Hypothetical Ending Value: \$15.35

$$\$10 + \left[ \$10 \times 300\% \times \left( \frac{15.35 - 15.05}{15.05} \right) \right] = \$10.60$$

Hypothetical Redemption Amount (per unit) = \$10.60

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

Hypothetical Starting Value: \$15.05  
 Hypothetical Ending Value: \$22.58

$$\$10 + \left[ \$10 \times 300\% \times \left( \frac{22.58 - 15.05}{15.05} \right) \right] = \$25.00$$

Hypothetical Redemption Amount (per unit) = \$12.10 (The Redemption Amount cannot be greater than the Capped Value.)

The following table illustrates, for a **hypothetical** Starting Value of \$15.05 (the Volume Weighted Average Price of the Underlying Stock on March 25, 2011, rounded to two decimal places) and a range of **hypothetical** Ending Values:

- the percentage change from the **hypothetical** Starting Value to the **hypothetical** Ending Value;
- the **hypothetical** Redemption Amount per unit of the ARNs (rounded to two decimal places); and
- the **hypothetical** total rate of return to holders of the ARNs.

The table below is based on the Participation Rate of 300% and a **hypothetical** Capped Value of \$12.10 (per unit), the midpoint of the Capped Value range of \$11.90 and \$12.30.

<u>Hypothetical Ending Value (\$)<sup>(1)</sup></u>	<u>Percentage Change from the Hypothetical Starting Value to the Hypothetical Ending Value</u>	<u>Hypothetical Redemption Amount per Unit (\$)</u>	<u>Hypothetical Total Rate of Return on the ARNs</u>
7.53	-50.00%	5.00	-50.00%
9.03	-40.00%	6.00	-40.00%
10.54	-30.00%	7.00	-30.00%
12.04	-20.00%	8.00	-20.00%
13.55	-10.00%	9.00	-10.00%
13.85	-8.00%	9.20	-8.00%
14.15	-6.00%	9.40	-6.00%
14.45	-4.00%	9.60	-4.00%
14.75	-2.00%	9.80	-2.00%
15.05 <sup>(2)</sup>	0.00%	10.00	0.00%
15.35	2.00%	10.60	6.00%
15.65	4.00%	11.20	12.00%
15.95	6.00%	11.80	18.00%
16.25	8.00%	12.10 <sup>(3)</sup>	21.00%
16.56	10.00%	12.10	21.00%
18.06	20.00%	12.10	21.00%
19.57	30.00%	12.10	21.00%
21.07	40.00%	12.10	21.00%
22.58	50.00%	12.10	21.00%

<sup>(1)</sup> The dividend yield for the Underlying Stock is 0.00% per annum as reported by Bloomberg L.P. You will not have the rights of a holder of the Underlying Stock and you will not be entitled to receive shares of the Underlying Stock or dividends or other distributions by the Underlying Company. Accordingly, the Ending Value will not include any income generated by dividends paid on the Underlying Stock, which you would be entitled to receive if you invested in the Underlying Stock directly.

<sup>(2)</sup> This is the **hypothetical** Starting Value, the Volume Weighted Average Price of the Underlying Stock on March 25, 2011 (rounded to two decimal places). The actual Starting Value will be the Volume Weighted Average Price of the Underlying Stock on the pricing date and set forth in the final term sheet that will be made available in connection with sales of the ARNs.

<sup>(3)</sup> The Redemption Amount per unit of the ARNs cannot exceed the **hypothetical** Capped Value of \$12.10 (the midpoint of the Capped Value range of \$11.90 and \$12.30). The actual Capped Value will be determined on the pricing date and set forth in the final term sheet that will be made available in connection with sales of the ARNs.

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

## Risk Factors

*There are important differences between the ARNs and a conventional debt security. An investment in the ARNs involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the ARNs in the "Risk Factors" sections beginning on page S-10 of product supplement ARN-3 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 ARNs.*

- Your investment may result in a loss; there is no guaranteed return of principal.
- Your yield may be less than the yield on a conventional debt security of comparable maturity.
- Your investment 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 Underlying Stock.
- You must rely on your own evaluation of the merits of an investment linked to the Underlying Stock.
- In seeking to provide you with what we believe to be commercially reasonable terms for the ARNs while providing MLPF&S with compensation for its services, we have considered the costs of developing, hedging, and distributing the ARNs.
- A trading market is not expected to develop for the ARNs. MLPF&S is not obligated to make a market for, or to repurchase, the ARNs.
- The Redemption Amount will not be affected by all developments relating to the Underlying Stock.
- The Underlying Company will have no obligations with respect to the ARNs, and neither we nor MLPF&S will perform any due diligence procedures with respect to the Underlying Company in connection with this offering.
- You will have no rights of a holder of the Underlying Stock, and you will not be entitled to receive shares of the Underlying Stock or dividends or other distributions by the Underlying Company.
- The Price Multiplier will not be adjusted for all corporate events that could affect the Underlying Stock.
- Although we or our affiliates may from time to time hold securities of the Underlying Company, we do not control the Underlying Company, and are not responsible for any disclosure made by the Underlying Company.
- If you attempt to sell the ARNs prior to maturity, their market value, if any, will be affected by various factors that interrelate in complex ways, and their market value may be less than the Original Offering Price.
- Payments on the ARNs are subject to our credit risk, and changes in our credit ratings are expected to affect the value of the ARNs.
- Purchases and sales by us and our affiliates of shares of the Underlying Stock 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 ARNs and their market value.
- Our business activities relating to the Underlying Company 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 ARNs are uncertain, and may be adverse to a holder of the ARNs. See "Summary Tax Consequences" and "Certain U.S. Federal Income Taxation Considerations" below and "U.S. Federal Income Tax Summary" beginning on page S-43 of product supplement ARN-3.

## Investor Considerations

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

- You anticipate that the price of the Underlying Stock will increase moderately from the Starting Value to the Ending Value.
- You accept that your investment will result in a loss, which could be significant, if the price of the Underlying Stock decreases from the Starting Value to the Ending Value.
- You accept that the return on the ARNs will not exceed the return represented by the Capped Value.
- You are willing to forgo interest payments on the ARNs, such as fixed or floating rate interest paid on traditional interest bearing debt securities.
- You seek exposure to the Underlying Stock with no expectation of dividends or other benefits of owning shares of the Underlying Stock.
- You are willing to accept that a trading market is not expected to develop for the ARNs. You understand that secondary market prices for the ARNs, 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 ARNs.

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

- You anticipate that the price of the Underlying Stock will decrease from the Starting Value to the Ending Value or that the price of the Underlying Stock will not increase sufficiently over the term of the ARNs to provide you with your desired return.
- You seek principal protection or preservation of capital.
- You seek a return on your investment that will exceed the Capped Value.
- You seek interest payments or other current income on your investment.
- You want to receive dividends or other distributions paid on the Underlying Stock.
- You seek assurances that there will be a liquid market if and when you want to sell the ARNs prior to maturity.
- You are unwilling or are unable to assume the credit risk associated with us, as the issuer of the ARNs.

## Other Terms of the ARNs

The definition of "Ending Value" on page TS-2 supersedes and replaces the definition of "Ending Value" of an Underlying Stock Market Measure set forth on page S-25 of product supplement ARN-3 and will apply to the Underlying Stock.

### Market Disruption Events

If (i) a Market Disruption Event occurs on a scheduled calculation day during the Maturity Valuation Period or (ii) any scheduled calculation day is determined by the calculation agent not to be a trading day by reason of an extraordinary event, occurrence, declaration, or otherwise (any such day in either (i) or (ii) being a "non-calculation day"), the calculation agent will determine the "Closing Market Price" of the Underlying Stock for such non-calculation day, and as a result, the Ending Value, as follows:

- The Closing Market Price of the Underlying Stock for the applicable non-calculation day will be the Closing Market Price of the Underlying Stock for the next calculation day that occurs during the Maturity Valuation Period. For example, if the first and second scheduled calculation days during the Maturity Valuation Period are non-calculation days, then the Closing Market Price of the Underlying Stock for the third calculation day will also be deemed to be the Closing Market Price for the Underlying Stock on the first and second scheduled calculation days during the Maturity Valuation Period. If no further calculation days occur after a non-calculation day, then the Closing Market Price of the Underlying Stock for that non-calculation day, and each following non-calculation day during the Maturity Valuation Period will be determined (or, if not determinable, estimated) by the calculation agent on the last scheduled calculation day in the Maturity Valuation Period, regardless of the occurrence of a Market Disruption Event on that last scheduled calculation day, in a manner which it considers commercially reasonable under the circumstances; or
- If every scheduled calculation day during the Maturity Valuation Period is a non-calculation day, then the Ending Value will equal the Closing Market Price of the Underlying Stock determined (or, if not determinable, estimated) by the calculation agent in a manner which the calculation agent considers commercially reasonable under the circumstances on the last scheduled calculation day during the Maturity Valuation Period, regardless of the occurrence of a Market Disruption Event on that last scheduled calculation day.

See "Description of ARNs—Market Disruption Events—Underlying Stock-Based Market Measures" beginning on page S-29 of product supplement ARN-3.

## Other Provisions

We may deliver the ARNs 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 ARNs occurs more than three business days from the pricing date, purchasers who wish to trade the ARNs more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

If you place an order to purchase the ARNs, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

## Supplement to the Plan of Distribution; Conflicts of Interest

MLPF&S, a broker-dealer subsidiary of BAC, is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and will participate as selling agent in the distribution of the ARNs. Accordingly, offerings of the ARNs will conform to the requirements of FINRA Rule 5121. Under our distribution agreement with MLPF&S, MLPF&S will purchase the ARNs 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. In the original offering of the ARNs, the ARNs will be sold in minimum investment amounts of 100 units.

MLPF&S may use this Note Prospectus for offers and sales in secondary market transactions and market-making transactions in the ARNs 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.

## The Underlying Stock

We have derived the following information from publicly available documents published by the Underlying Company. We make no representation or warranty as to the accuracy or completeness of the following information. The Underlying Company offers a wide range of computers and related products. The Underlying Company sells personal computers, servers and networking products, storage systems, mobility products, software and peripherals, and services, and serves consumers and businesses in the Americas, Europe, the Middle East, Africa, and the Asia Pacific region.

Because the Underlying Stock is registered under the Securities Exchange Act of 1934, the Underlying Company is required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC by the Underlying Company can be located at the SEC's facilities or through the SEC's website by reference to SEC CIK number 826083. We make no representation or warranty as to the accuracy or completeness of the Underlying Company's information or reports.

Although we and our affiliates may hold securities of the Underlying Company from time to time, we do not control the Underlying Company. The Underlying Company will have no obligations with respect to the ARNs. This term sheet relates only to the ARNs and does not relate to the Underlying Stock or to any other securities of the Underlying Company. Neither we nor any of our affiliates have participated or will participate in the preparation of the Underlying Company's publicly available documents. Neither we nor any of our affiliates have made any due diligence inquiry with respect to the Underlying Company in connection with the offering of the ARNs. Neither we nor any of our affiliates makes any representation that the publicly available documents or any other publicly available information regarding the Underlying Company are accurate or complete. Furthermore, there can be no assurance that all events occurring prior to the date of this term sheet, including events that would affect the accuracy or completeness of these publicly available documents that would affect the trading price of the Underlying Stock, have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning the Underlying Company could affect the value of the Underlying Stock and therefore could affect your return on the ARNs.

The selection of the Underlying Stock is not a recommendation to buy or sell the Underlying Stock. Neither we nor any of our affiliates make any representation to you as to the performance of the Underlying Stock.

The Underlying Stock trades on the NASDAQ Global Select Market under the symbol "DELL."

### Historical Data

The following table sets forth the high and low closing price per share of the Underlying Stock from the first quarter of 2006 through March 25, 2011. The closing prices listed below were obtained from publicly available information at Bloomberg Financial Markets, rounded to two decimal places. The historical closing prices of shares of the Underlying Stock should not be taken as an indication of its future performance, and we cannot assure you that the price per share of the Underlying Stock will not decrease from the Starting Value.

		High (\$)	Low (\$)
2006	First Quarter	32.00	28.90
	Second Quarter	29.85	23.63
	Third Quarter	24.59	19.94
	Fourth Quarter	27.62	22.72
2007	First Quarter	27.28	21.79
	Second Quarter	28.55	23.02
	Third Quarter	29.34	25.93
	Fourth Quarter	30.60	23.57
2008	First Quarter	24.39	19.07
	Second Quarter	24.45	18.24
	Third Quarter	25.63	15.41
	Fourth Quarter	16.15	9.30
2009	First Quarter	11.27	7.99
	Second Quarter	13.86	9.50
	Third Quarter	16.92	11.97
	Fourth Quarter	16.07	12.81
2010	First Quarter	15.22	12.90
	Second Quarter	17.50	12.06
	Third Quarter	13.74	11.59
	Fourth Quarter	14.71	12.90
2011	First Quarter (through March 25, 2011)	15.83	13.15

## Summary Tax Consequences

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

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

## Certain U.S. Federal Income Taxation Considerations

Set forth below is a summary of certain U.S. federal income tax considerations relating to an investment in the ARNs. The following summary is not complete and is qualified in its entirety by the discussion under the section entitled "U.S. Federal Income Tax Summary" beginning on page S-43 of product supplement ARN-3, which you should carefully review prior to investing in the ARNs.

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

This characterization of the ARNs is not binding on the Internal Revenue Service ("IRS") or the courts. No statutory, judicial, or administrative authority directly addresses the characterization of the ARNs or any similar instruments for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to their proper characterization and treatment. Due to the absence of authorities on point, significant aspects of the U.S. federal income tax consequences of an investment in the ARNs are not certain, and no assurance can be given that the IRS or any court will agree with the characterization and tax treatment described in product supplement ARN-3. Accordingly, you are urged to consult your tax advisor regarding all aspects of the U.S. federal income tax consequences of an investment in the ARNs, including possible alternative characterizations.

*Settlement at Maturity or Sale or Exchange Prior to Maturity.* Assuming that the ARNs are properly characterized and treated as single financial contracts with respect to the Underlying Stock for U.S. federal income tax purposes, upon receipt of a cash payment at maturity or upon a sale or exchange of the ARNs prior to maturity, a U.S. Holder (as defined in product supplement ARN-3) generally will recognize capital gain or loss equal to the difference between the amount realized and the U.S. Holder's basis in the ARNs. This capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held the ARNs for more than one year. The deductibility of capital losses is subject to limitations.

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

**You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the ARNs, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. See the discussion under the section entitled "U.S. Federal Income Tax Summary" beginning on page S-43 of product supplement ARN-3.**



## Additional Terms

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

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

- Product supplement ARN-3 dated April 1, 2010:  
<http://www.sec.gov/Archives/edgar/data/70858/000119312510075888/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/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.**

## Market-Linked Investments Classification

Market-Linked Investments come in four basic categories, each designed to meet a different set of investor risk profiles, time horizons, income requirements and market views (bullish, bearish, moderate outlook, etc.). *The following descriptions of these categories are meant solely for informational purposes and are not intended to represent any particular Market-Linked Investment or guarantee performance. Certain Market-Linked Investments may have overlapping characteristics.*

### Market Downside Protection

Market Downside Protection Market-Linked Investments combine some of the capital preservation features of traditional bonds with the growth potential of equities and other asset classes. They offer full or partial market downside protection at maturity, while offering market exposure that may provide better returns than comparable fixed income securities. It is important to note that the market downside protection feature provides investors with protection only at maturity, subject to issuer credit risk. In addition, in exchange for full or partial protection, you forfeit dividends and full exposure to the linked asset's upside. In some circumstances, this could result in a lower return than with a direct investment in the asset.

### Enhanced Income

These short- to medium-term market-linked notes offer you a way to enhance your income stream, either through variable or fixed-interest coupons, an added payout at maturity based on the performance of the linked asset, or both. In exchange for receiving current income, you will generally forfeit upside potential on the linked asset. Even so, the prospect of higher interest payments and/or an additional payout may equate to a higher return potential than you may be able to find through other fixed-income securities. Enhanced Income Market-Linked Investments generally do not include market downside protection. The degree to which your principal is repaid at maturity is generally determined by the performance of the linked asset. Although enhanced income streams may help offset potential declines in the asset, you can still lose part or all of your original investment.

### Market Access

Market Access notes may offer exposure to certain market sectors, asset classes and/or strategies that may not even be available through the other three categories of Market-Linked Investments. Subject to certain fees, the returns on Market Access Market-Linked Investments will generally correspond on a one-to-one basis with any increases or decreases in the value of the linked asset, similar to a direct investment. In some instances, they may also provide interim coupon payments. These investments do not include the market downside protection feature and, therefore, your principal remains at risk.

### Enhanced Return

These short- to medium-term investments offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market-downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept a degree of market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

\*Accelerated Return Notes® and \*ARNs® are our registered service marks.