

[Table of Contents](#)

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

**(Mark One)**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number:  
1-6523

Exact name of registrant as specified in its charter:

# Bank of America Corporation

State or other jurisdiction of incorporation or organization:  
Delaware

IRS Employer Identification No.:  
56-0906609

Address of principal executive offices:  
Bank of America Corporate Center  
100 N. Tryon Street  
Charlotte, North Carolina 28255

Registrant's telephone number, including area code:  
(704) 386-5681

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange London Stock Exchange Tokyo Stock Exchange
Depository Shares, each Representing a 1/1,000 <sup>th</sup> interest in a share of 6.204% Non-Cumulative Preferred Stock, Series D	New York Stock Exchange
Depository Shares, each Representing a 1/1,000 <sup>th</sup> interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series E	New York Stock Exchange
Depository Shares, each Representing a 1/1,000 <sup>th</sup> interest in a share of 8.20% Non-Cumulative Preferred Stock, Series H	New York Stock Exchange
Depository Shares, each Representing a 1/1,000 <sup>th</sup> interest in a share of 6.625% Non-Cumulative Preferred Stock, Series I	New York Stock Exchange
Depository Shares, each Representing a 1/1,000 <sup>th</sup> interest in a share of 7.25% Non-Cumulative Preferred Stock, Series J	New York Stock Exchange
7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 1	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 2	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation 6.375% Non-Cumulative Preferred Stock, Series 3	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 4	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 5	New York Stock Exchange
Depository Shares, each representing a 1/40 <sup>th</sup> interest in a share of Bank of America Corporation 6.70% Non-cumulative Perpetual Preferred Stock, Series 6	New York Stock Exchange
Depository Shares, each representing a 1/40 <sup>th</sup> interest in a share of Bank of America Corporation 6.25% Non-cumulative Perpetual Preferred Stock, Series 7	New York Stock Exchange
Depository Shares, each representing a 1/1,200 <sup>th</sup> interest in a share of Bank of America Corporation 8.625% Non-Cumulative Preferred Stock, Series 8	New York Stock Exchange
6.75% Trust Preferred Securities of Countrywide Capital IV (and the guarantees related thereto)	New York Stock Exchange
7.00% Capital Securities of Countrywide Capital V (and the guarantees related thereto)	New York Stock Exchange
Capital Securities of BAC Capital Trust I (and the guarantee related thereto)	New York Stock Exchange
Capital Securities of BAC Capital Trust II (and the guarantee related thereto)	New York Stock Exchange
Capital Securities of BAC Capital Trust III (and the guarantee related thereto)	New York Stock Exchange
5 <sup>7</sup> / <sub>8</sub> % Capital Securities of BAC Capital Trust IV (and the guarantee related thereto)	New York Stock Exchange
6% Capital Securities of BAC Capital Trust V (and the guarantee related thereto)	New York Stock Exchange
6% Capital Securities of BAC Capital Trust VIII (and the guarantee related thereto)	New York Stock Exchange
6 <sup>3</sup> / <sub>4</sub> % Capital Securities of BAC Capital Trust X (and the guarantee related thereto)	New York Stock Exchange
6 <sup>7</sup> / <sub>8</sub> % Capital Securities of BAC Capital Trust XII (and the guarantee related thereto)	New York Stock Exchange
Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIII (and the guarantee related thereto)	New York Stock Exchange
5.63% Fixed to Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIV (and the guarantee related thereto)	New York Stock Exchange

[Table of Contents](#)**Report of Independent Registered Public Accounting Firm****To the Board of Directors and Shareholders of  
Bank of America Corporation:**

In our opinion, the accompanying Consolidated Balance Sheet and the related Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Statement of Cash Flows present fairly, in all material respects, the financial position of Bank of America Corporation and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Corporation's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial report -

ing included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Charlotte, North Carolina  
February 26, 2010

Bank of America 2009 113

[Table of Contents](#)

In addition, certain non-U.S. employees within the Corporation are covered under defined contribution pension plans that are separately administered in accordance with local laws.

### NOTE 18 – Stock-Based Compensation Plans

The compensation cost for the plans described below was \$2.8 billion, \$885 million and \$1.2 billion in 2009, 2008 and 2007, respectively. The related income tax benefit was \$1.0 billion, \$328 million and \$438 million for 2009, 2008 and 2007, respectively.

The table below presents the assumptions used to estimate the fair value of stock options granted on the date of grant using the lattice option-pricing model. Lattice option-pricing models incorporate ranges of assumptions for inputs and those ranges are disclosed in the table below. The risk-free interest rate for periods within the contractual life of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatilities are based on implied volatilities from traded stock options on the Corporation's common stock, historical volatility of the Corporation's common stock and other factors. The Corporation uses historical data to estimate stock option exercise and employee termination within the model. The expected term of stock options granted is derived from the output of the model and represents the period of time that stock options granted are expected to be outstanding. The estimates of fair value from these models are theoretical values for stock options and changes in the assumptions used in the models could result in materially different fair value estimates. The actual value of the stock options will depend on the market value of the Corporation's common stock when the stock options are exercised. No stock options were granted in 2009.

	2008	2007
Risk-free interest rate	2.05 – 3.85%	4.72 – 5.16%
Dividend yield	5.30	4.40
Expected volatility	26.00 – 36.00	16.00 – 27.00
Weighted-average volatility	32.80	19.70
Expected lives (years)	6.6	6.5

Excluded from the table above are assumptions used to estimate the fair value of approximately 108 million stock options assumed in connection with the Merrill Lynch acquisition. The fair value of these awards was estimated using a Black-Scholes option pricing model. Similar to options valued using the lattice option-pricing model described above, key assumptions used include the implied volatility based on the Corporation's common stock of 75 percent, the risk-free interest rate based on the U.S. Treasury yield curve in effect at December 31, 2008, an expected dividend yield of 4.2 percent and the expected life of the options based on their actual remaining term.

The Corporation has equity compensation plans which include the Key Employee Stock Plan, the Key Associate Stock Plan and the Merrill Lynch Employee Stock Compensation Plan. Descriptions of the material features of the equity compensation plans follow.

#### Key Employee Stock Plan

The Key Employee Stock Plan, as amended and restated, provided for different types of awards including stock options, restricted stock shares and restricted stock units. Under the plan, 10-year options to purchase approximately 260 million shares of common stock were granted through

December 31, 2002 to certain employees at the closing market price on the respective grant dates. At December 31, 2009, approximately 45 million fully vested options were outstanding under this plan. No further awards may be granted.

#### Key Associate Stock Plan

On April 24, 2002, the shareholders approved the Key Associate Stock Plan to be effective January 1, 2003. This approval authorized and reserved 200 million shares for grant in addition to the remaining amount under the Key Employee Stock Plan as of December 31, 2002, which was approximately 34 million shares plus any shares covered by awards under the Key Employee Stock Plan that terminate, expire, lapse or are cancelled after December 31, 2002. Subsequently, the shareholders authorized an additional 282 million shares for grant under the Key Associate Stock Plan. In conjunction with the Merrill Lynch acquisition, the shareholders authorized an additional 105 million shares for grant under the Key Associate Stock Plan. At December 31, 2009, approximately 152 million options were outstanding under this plan. Approximately 90 million shares of restricted stock and restricted stock units were granted in 2009. These shares of restricted stock generally vest in three equal annual installments beginning one year from the grant date with the exception of financial advisor awards that vest eight years from grant date.

#### Employee Stock Compensation Plan

The Corporation assumed the Merrill Lynch Employee Stock Compensation Plan. Future shares can be granted under this plan. Approximately 34 million shares of restricted stock units were granted in 2009 which generally vest in three equal annual installments beginning one year from the grant date. Awards granted prior to 2009 generally vest in four equal annual installments beginning one year from the grant date. At December 31, 2009, there were approximately 48 million shares outstanding.

The following table presents the status of all option plans at December 31, 2009, and changes during 2009.

Employee stock options	Shares	Weighted-average Exercise Price	
Outstanding at January 1, 2009	232,429,057	\$	43.08
Merrill Lynch acquisition, January 1, 2009	107,521,280		62.89
Exercised	(2,835)		12.56
Forfeited	(36,224,754)		46.31
<b>Outstanding at December 31, 2009</b> <sup>(1)</sup>	<b>303,722,748</b>		<b>49.71</b>
Options exercisable at December 31, 2009	275,180,674		49.45
Options vested and expected to vest <sup>(2)</sup>	303,640,869		49.71

<sup>(1)</sup> Includes 45 million options under the Key Employee Stock Plan, 152 million options under the Key Associate Stock Plan and 107 million options to employees of predecessor companies assumed in mergers.

<sup>(2)</sup> Includes vested shares and nonvested shares after a forfeiture rate is applied.

At December 31, 2009, the Corporation had no aggregate intrinsic value of options outstanding, exercisable, and vested and expected to vest. The weighted-average remaining contractual term of options outstanding was 3.7 years, options exercisable was 3.2 years, and options vested and expected to vest was 3.7 years at December 31, 2009.

The weighted-average grant-date fair value of options granted in 2008 and 2007 was \$8.92 and \$8.44. No options were granted in 2009.

[Table of Contents](#)

The following table presents the status of the restricted stock/unit awards at December 31, 2009, and changes during 2009.

Restricted stock/unit awards	Shares	Weighted-average Grant Date Fair Value	
Outstanding at January 1, 2009	32,715,964	\$	45.45
Merrill Lynch acquisition, January 1, 2009	83,446,110		14.08
Granted	124,146,773		10.57
Vested	(31,181,360)		31.46
Cancelled	(34,099,465)		14.39
<b>Outstanding at December 31, 2009</b>	<b>175,028,022</b>		<b>14.30</b>

At December 31, 2009, there was \$677 million of total unrecognized compensation cost related to share-based compensation arrangements for all awards that is expected to be recognized over a weighted-average period of 0.89 years. The total fair value of restricted stock vested in 2009 was \$203 million. In 2009, the amount of cash used to settle equity instruments was \$397 million.

**Other Stock Plans**

As a result of the Merrill Lynch acquisition, the Corporation assumed the obligations of outstanding awards granted under the Merrill Lynch Financial Advisor Capital Accumulation Award Plans (FACAAP) and the Merrill

Lynch Employee Stock Purchase Plan (ESPP). The FACAAP is no longer an active plan and no awards were granted in 2009. Awards granted in 2003 and thereafter are generally payable eight years from the grant date in a fixed number of the Corporation's common stock. For outstanding awards granted prior to 2003, payment is generally made ten years from the grant date in a fixed number of the Corporation's common stock unless the fair value of such shares is less than a specified minimum value, in which case, the minimum value is paid in cash. At December 31, 2009, there were 23 million shares outstanding under this plan.

The ESPP allows eligible associates to invest from one percent to 10 percent of eligible compensation to purchase the Corporation's common stock subject to legal limits. Purchases were made at a discount of up to five percent of the average high and low market price on the relevant purchase date and the maximum annual contribution per employee was \$23,750 in 2009. Up to 107 million shares have been authorized for issuance under the ESPP in 2009. The activity during 2009 is as follows:

	Shares
Available at January 1, 2009	16,449,696
Purchased through plan	(4,019,593)
<b>Available at December 31, 2009</b>	<b>12,430,103</b>

The weighted-average fair value of the ESPP stock purchase rights (i.e. the five percent discount on the Corporation's common stock purchases) exercised by employees in 2009 is \$0.57 per stock purchase right.

**NOTE 19 – Income Taxes**

The components of income tax expense (benefit) for 2009, 2008 and 2007 were as follows:

(Dollars in millions)	2009	2008	2007
<b>Current income tax expense (benefit)</b>			
Federal	\$(3,576)	\$ 5,075	\$5,210
State	555	561	681
Foreign	735	585	804
Total current expense (benefit)	(2,286)	6,221	6,695
<b>Deferred income tax expense (benefit)</b>			
Federal	792	(5,269)	(710)
State	(620)	(520)	(18)
Foreign	198	(12)	(25)
Total deferred expense (benefit)	370	(5,801)	(753)
<b>Total income tax expense (benefit) <sup>(1)</sup></b>	<b>\$(1,916)</b>	<b>\$ 420</b>	<b>\$5,942</b>

<sup>(1)</sup> Does not reflect the deferred tax effects of unrealized gains and losses on AFS debt and marketable equity securities, foreign currency translation adjustments, derivatives and employee benefit plan adjustments that are included in accumulated OCI. As a result of these tax effects, accumulated OCI decreased \$1.6 billion in 2009, increased \$5.9 billion in 2008 and decreased \$5.0 billion in 2007. Also, does not reflect the tax effects associated with the Corporation's employee stock plans which decreased common stock and additional paid-in capital \$295 million and \$9 million in 2009 and 2008, and increased common stock and additional paid-in capital \$251 million in 2007. Goodwill was reduced \$0, \$9 million and \$47 million in 2009, 2008 and 2007, respectively, reflecting certain tax benefits attributable to exercises of employee stock options issued by acquired companies which had vested prior to the merger dates.