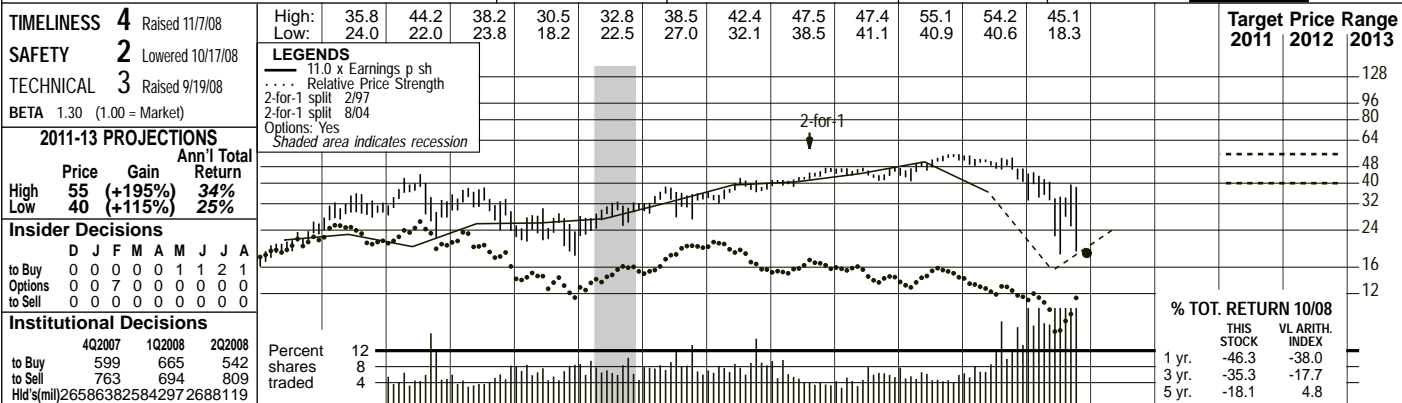


# BANK OF AMERICA NYSE-BAC

RECENT PRICE **18.69** P/E RATIO **12.7** (Trailing: 16.1 Median: 11.0) RELATIVE P/E RATIO **1.18** DIV'D YLD **6.8%** VALUE LINE



| 1992   | 1993   | 1994   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008          | 2009          | VALUE LINE, INC.                  | 11-13  |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|-----------------------------------|--------|
| 1.13   | 1.24   | 1.52   | 1.76   | 1.96   | 2.09   | 1.82   | 2.34   | 2.36   | 2.48   | 2.96   | 3.57   | 3.69   | 4.04   | 4.59   | 3.30   | <b>1.40</b>   | <b>2.25</b>   | Earnings per sh <sup>AB</sup>     | 4.50   |
| .38    | .41    | .47    | .52    | .60    | .69    | .80    | .93    | 1.03   | 1.14   | 1.22   | 1.44   | 1.70   | 1.90   | 2.12   | 2.40   | <b>2.24</b>   | <b>1.28</b>   | Div'ds Decl'd per sh <sup>C</sup> | 1.60   |
| 7.60   | 9.02   | 9.86   | 11.57  | 11.80  | 14.91  | 13.30  | 13.22  | 14.74  | 15.54  | 16.75  | 16.63  | 24.56  | 25.32  | 29.70  | 32.09  | <b>27.40</b>  | <b>28.35</b>  | Book Value per sh <sup>D</sup>    | 35.50  |
| 1012.0 | 1083.6 | 1105.8 | 1097.1 | 1147.0 | 1424.4 | 3449.0 | 3354.5 | 3227.3 | 3118.6 | 3001.4 | 2882.3 | 4046.5 | 3999.7 | 4458.2 | 4437.9 | <b>5020.0</b> | <b>5040.0</b> | Common Shs Outst'g <sup>E</sup>   | 5100.0 |
| 10.3   | 10.2   | 8.3    | 8.3    | 10.6   | 14.7   | 18.6   | 13.7   | 10.3   | 11.6   | 11.4   | 10.6   | 11.5   | 11.1   | 10.8   | 15.0   | <b>15.0</b>   | <b>15.0</b>   | Avg Ann'l P/E Ratio               | 11.0   |
| .62    | .60    | .54    | .56    | .66    | .85    | .97    | .78    | .67    | .59    | .62    | .60    | .61    | .59    | .58    | .79    | <b>.79</b>    | <b>.79</b>    | Relative P/E Ratio                | .75    |
| 3.2%   | 3.2%   | 3.7%   | 3.6%   | 2.9%   | 2.2%   | 2.4%   | 2.9%   | 4.3%   | 4.0%   | 3.6%   | 3.8%   | 4.0%   | 4.2%   | 4.3%   | 4.9%   | <b>4.9%</b>   | <b>4.9%</b>   | Avg Ann'l Div'd Yield             | 3.2%   |

| CAPITAL STRUCTURE as of 9/30/08                       |  |  |  | 617679   | 632574 | 642191 | 621764 | 660458 | 736445 | 1110457 | 291803 | 459737 | 1715746 | 1825000      | 1900000      | Total Assets (\$mill)     | 2400000 |  |  |
|---|--|--|--|--|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------------|--------------|---------------------------|---------|--|--|
| LT Debt \$257.7 bill. Due in 5 Yrs \$109.2 bill.      |  |  |  | 350206   | 363834 | 385355 | 322278 | 335904 | 365300 | 513211  | 565746 | 697474 | 864756  | 920000       | 970000       | Loans (\$mill)            | 1200000 |  |  |
| LT Interest \$11.3 bill.                              |  |  |  | 18298  | 18237  | 18442  | 20290  | 20923  | 21464  | 28797   | 30737  | 34591  | 34433   | 44500        | 47500        | Net Interest Inc (\$mill) | 55000   |  |  |
| Pension Assets-12/07 \$18.7 bill. Oblig. \$15.5 bill. |  |  |  | 2920.0   | 1820.0 | 2535.0 | 3892.0 | 3697.0 | 2839.0 | 2769.0  | 4014.0 | 5010.0 | 8385.0  | 25000        | 20500        | Loan Loss Prov'n (\$mill) | 13000   |  |  |
| Pfd Stock \$24.2 bill. Pfd Div'd \$1.9 bill.          |  |  |  | 13206  | 14309  | 14514  | 14823  | 14201  | 17363  | 22220   | 26438  | 37989  | 31886   | 33500        | 38000        | Noninterest Inc (\$mill)  | 48000   |  |  |
| Common Stock 4,562,054,554 shs.                       |  |  |  | 18741  | 17986  | 18083  | 19404  | 18436  | 20127  | 27027   | 28681  | 35597  | 37010   | 42200        | 45500        | Noninterest Exp (\$mill)  | 53000   |  |  |
| MARKET CAP: \$85.2 bill. (Large Cap)                  |  |  |  | 6490.0   | 8240.0 | 7863.0 | 8042.0 | 9249.0 | 10810  | 14143   | 16465  | 21133  | 14982   | 7525         | 13225        | Net Profit (\$mill)       | 24850   |  |  |
| ASSETS (\$mill.)                                      |  |  |  | 34.1%  | 35.3%  | 36.3%  | 31.9%  | 28.8%  | 31.8%  | 33.4%   | 32.7%  | 33.9%  | 28.4%   | <b>29.5%</b> | <b>29.5%</b> | Income Tax Rate           | 32.0%   |  |  |
| Loans   |  |  |  | 1.05%  | 1.30%  | 1.22%  | 1.29%  | 1.40%  | 1.47%  | 1.27%   | 1.27%  | 1.45%  | .87%    | <b>.40%</b>  | <b>.70%</b>  | Return on Total Assets    | 1.05%   |  |  |
| Funds Sold  |  |  |  | 50842  | 60441  | 72502  | 68026  | 67176  | 75343  | 98078   | 100848 | 146000 | 197508  | 275000       | 300000       | Long-Term Debt (\$mill)   | 375000  |  |  |
| Securities  |  |  |  | 45938  | 44432  | 47628  | 48520  | 50319  | 47980  | 99645   | 101533 | 135272 | 146803  | 161625       | 167000       | Shr. Equity (\$mill)      | 205000  |  |  |
| Other Earning   |  |  |  | 7.4%   | 7.0%   | 7.4%   | 7.8%   | 7.6%   | 6.5%   | 9.0%    | 7.9%   | 9.3%   | 8.6%    | 9.0%         | 9.0%         | Shr. Eq. to Total Assets  | 8.5%    |  |  |
| Other   |  |  |  | 56.7%  | 57.5%  | 60.0%  | 51.8%  | 50.9%  | 49.6%  | 46.2%   | 43.8%  | 47.8%  | 50.4%   | <b>50.5%</b> | <b>51.0%</b> | Loans to Tot Assets       | 50.0%   |  |  |
| LIABILITIES (\$mill.)                                 |  |  |  | 14.1%  | 18.5%  | 16.5%  | 16.6%  | 18.4%  | 22.5%  | 14.2%   | 16.2%  | 15.6%  | 10.2%   | <b>4.5%</b>  | <b>8.0%</b>  | Return on Shr. Equity     | 12.0%   |  |  |
| Deposits  |  |  |  | 8.5%   | 11.4%  | 9.4%   | 9.1%   | 11.0%  | 13.6%  | 7.7%    | 8.7%   | 8.7%   | 2.9%    | <b>NMF</b>   | <b>3.5%</b>  | Retained to Com Eq        | 8.0%    |  |  |
| Funds Borrowed  |  |  |  | 40%  | 39%    | 43%    | 45%    | 40%    | 40%    | 46%     | 47%    | 46%    | 73%     | 131%         | 63%          | All Div'ds to Net Prof    | 40%     |  |  |
| Long-Term Debt  |  |  |  | <p><b>BUSINESS:</b> Bank of America Corp. was formed by the merger of NationsBank with BankAmerica on 9/30/98. Acquired FleetBoston Fin'l, 4/04; MBNA, 1/06; LaSalle Bk., 10/07; Countrywide, 7/08. About 6,140 offices in 29 states &amp; Wash. D.C. Loans (12/31/07): commercial, 27%; commercial real estate, 7%; residential, 31%; consumer, 32%; international, 3%. Net loan losses, .84% of average loans in '07; loan loss reserve, 2.17% of gross loans (9/30/08); nonperforming assets (including 90-day past-due), 2.64%. Had 247,024 full-time equivalent empl. (9/30/08). Directors &amp; officers own 1.06% of stock (Proxy, 3/08). Chairman, CEO &amp; President: K. Lewis. Inc.: DE. Address: Bank of America Corp. Ctr., Charlotte, NC 28255. Telephone: 704-386-5667. Web: www.bankofamerica.com.</p> |        |        |        |        |        |         |        |        |         |              |              |                           |         |  |  |

**Credit costs and capital markets volatility took a toll on Bank of America's bottom line in the September period.** The company made a \$6.5 billion provision to its loan loss reserve that offset \$4.35 billion of net loan losses and added \$2 billion to the reserve. Earnings were also reduced by writeoffs, including \$1.8 billion of capital markets-related charges. On a positive note, net interest income advanced 33%, aided by strong deposit inflows, as depositors sought safe havens for their funds. The acquisition of Countrywide Financial on July 1st added \$0.06 to share net before merger costs of \$0.04. **The company cut the dividend on its common stock by 50% and sold \$10 billion of common stock in October.** These initiatives, and a government plan to buy \$25 billion of preferred stock (not yet in our estimates), will push a key capital strength ratio to a healthy 9.5%-10%. But the new stock may be dilutive. **Over the next several quarters, management expects earnings to come in at less-than-normal levels,** although the good deposit growth should be beneficial. However, higher unemployment in the U.S. probably will cause credit card, home equity, and small business loan losses to increase further. Loan loss reserve provisions are likely to stay elevated in 2009. More asset writedowns are possible. And the acquisition of Merrill Lynch, perhaps by the end of 2008, is expected to reduce 2009 share net by 3%. We have lowered our share-net estimates for 2008 and 2009, by \$1.00 and \$1.25, respectively. **The acquisition of Merrill Lynch will strengthen Bank of America's commercial bank, investment bank, and asset management operations,** and expand its global reach, positioning it to benefit when economic activity revives. Merrill will also lower B of A's dependence on consumer and small business banking for earnings and is expected to contribute positively to results beyond 2010. **The stock is ranked unfavorably for Timeliness.** To be sure, the dividend yield is attractive, even at the reduced rate, and the issue has decent recovery potential to 2011-2013. But the road just ahead may be bumpy, so only very patient investors should consider new commitments.

| ANNUAL RATES | Past 10 Yrs. | Past 5 Yrs. | Est'd '05-'07 to '11-'13 |
|--------------|--------------|-------------|--------------------------|
| Loans        | 5.0%         | 8.0%        | 6.0%                     |
| Earnings     | 7.5%         | 9.0%        | 7.0%                     |
| Dividends    | 13.5%        | 13.5%       | -7.0%                    |
| Book Value   | 8.5%         | 13.0%       | 3.5%                     |
| Total Assets | 7.0%         | 11.0%       | 5.5%                     |

| Cal-endar              | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|------------------------|--------|--------|--------|--------|-----------|
| <b>LOANS (\$mill.)</b> |        |        |        |        |           |
| 2005                   | 521153 | 521099 | 546277 | 565746 |           |
| 2006                   | 610458 | 658873 | 660277 | 697474 |           |
| 2007                   | 714901 | 749575 | 784002 | 864756 |           |
| 2008                   | 858979 | 853334 | 922330 | 920000 |           |
| 2009                   | 925000 | 930000 | 950000 | 970000 |           |

| Cal-endar                              | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|--|--------|--------|--------|--------|-----------|
| <b>EARNINGS PER SHARE <sup>B</sup></b> |        |        |        |        |           |
| 2005                                   | 1.07   | 1.14   | .95    | .88    | 4.04      |
| 2006                                   | 1.07   | 1.19   | 1.18   | 1.16   | 4.59      |
| 2007                                   | 1.16   | 1.28   | .82    | .05    | 3.30      |
| 2008                                   | .23    | .72    | .15    | .25    | 1.40      |
| 2009                                   | .35    | .50    | .60    | .80    | 2.25      |

| Cal-endar                                    | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|--|--------|--------|--------|--------|-----------|
| <b>QUARTERLY DIVIDENDS PAID <sup>C</sup></b> |        |        |        |        |           |
| 2004   | .40    | .40    | .45    | .45    | 1.70      |
| 2005   | .45    | .45    | .50    | .50    | 1.90      |
| 2006   | .50    | .50    | .56    | .56    | 2.12      |
| 2007   | .56    | .56    | .64    | .64    | 2.40      |
| 2008   | .64    | .64    | .64    | .32    |           |

(A) All figures prior to '98 are for NationsBank alone. (B) Based on diluted shares. Excludes nonrecurring charges: '93, \$0.20; '98, \$0.37; '99, \$0.10; '01, \$0.39. Quarterly earnings per share may not equal total due to change in shares. Next earnings report mid-Jan. (C) Dividends historically paid late March, June, September, & December. ■ Dividend reinvestment plan available. (D) Includes intangibles. On 9/30/08: \$90.9 billion, \$19.93/sh. (E) In millions, adjusted for stock splits.

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**Company's Financial Strength** B++  
**Stock's Price Stability** 45  
**Price Growth Persistence** 45  
**Earnings Predictability** 60

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