

Take a step toward opportunity

The painful global downturn has left many investors fearful and uncertain about the future. You may be wondering what steps to take next to get back on track toward reaching your long-term goals.

Attractive corporate bonds

Recent dislocations in many areas of the bond market have resulted in a number of potentially attractive opportunities. In 2008, as investors sold off bonds that presented virtually any type of risk and piled into U.S. Treasuries, a host of investment-grade bonds issued by relatively sound companies declined along with riskier instruments.

The average yield, or interest rate, paid by A-rated corporate bonds rose as high as 8.1% last December. At the same time, Treasury yields plummeted, and the spread between corporate-bond and Treasury yields jumped to their widest level in decades (see chart, below).

This means that fixed-income markets are presenting investors with opportunities to earn attractive yield from a number of high-quality bond issuers.

For example, in the fourth quarter, the bonds of an investment-grade telecommunications company paid an 8.5% yield, exceeding the 10-year Treasury yield by more than 500 basis points, even though the underlying prospects for the company were relatively favorable. Just 18 months earlier, those bonds exceeded Treasury yields by only 100 basis points.

If the relationship between risk and reward returns to historic norms, high-quality corporate-bond prices could rise, resulting in an opportunity for gains.

Summary

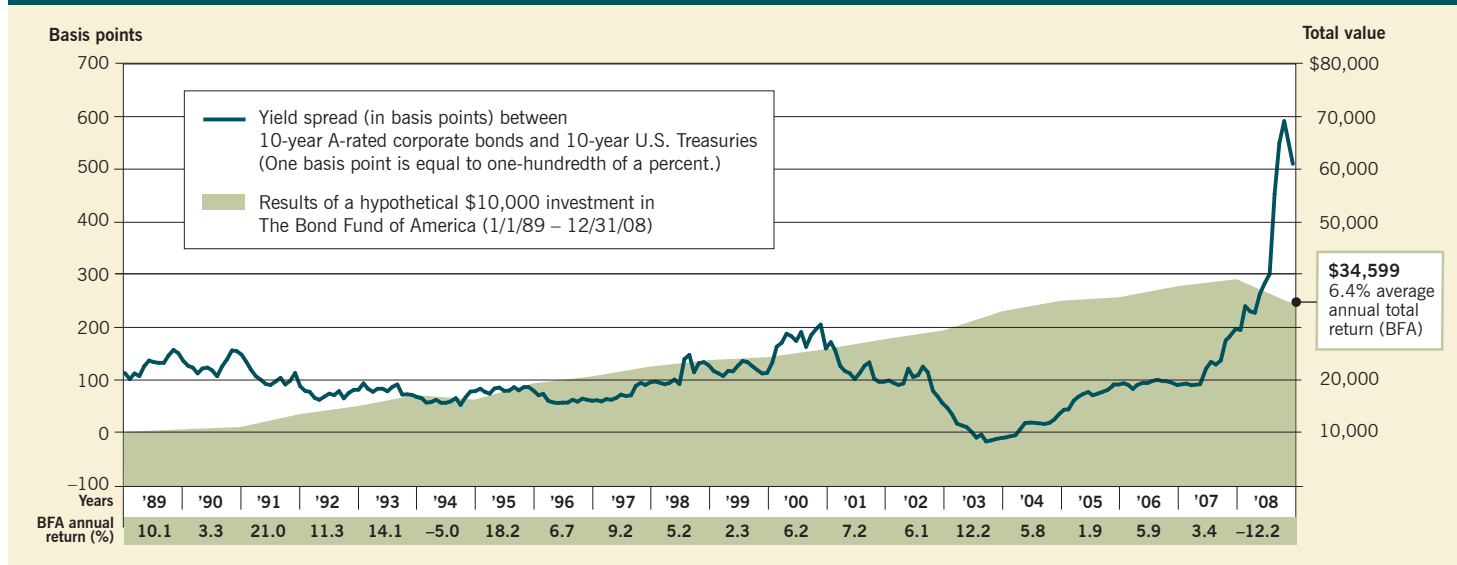
- Severe dislocations in fixed-income markets are presenting opportunities to earn attractive yield from high-quality bond issuers
- The Bond Fund of America can help investors participate in many of these potential opportunities

Paying attention to risk

To be sure, there will continue to be risks. But, individuals who can identify these opportunities while paying close attention to the underlying risks may be well positioned to participate in any eventual recovery.

Figures shown are past results for Class A shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so you may lose money. Investing for short periods makes losses more likely. Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity. Unless otherwise indicated, results shown are at net asset value with all distributions reinvested. If the maximum 3.75% Class A sales charge had been deducted, results would have been lower. For current information and month-end results, visit americanfunds.com.

Corporate bond yield spreads and The Bond Fund of America



Sources: Bloomberg and Merrill Lynch Global Bond indexes.

The yield spread, or differential, between 10-year A-rated corporate bonds and 10-year U.S. Treasuries recently reached its highest level in more than 70 years.

The Bond Fund of America

The investment professionals who manage The Bond Fund of AmericaSM rely on extensive fundamental research to identify securities across a broad spectrum of the fixed-income universe.

However, fundamental research is no guarantee against every unforeseen event, and The Bond Fund of America produced a disappointing -12.24% total return in 2008. The fund had substantial holdings in corporate bonds and non-agency mortgage-related securities — areas of the market that were hit hard. But rather than capitulating, the counselors of The Bond Fund of America focused on the fundamentals and are positioning the fund to

help participate in an eventual economic recovery.

Despite the weak results by many corporate issuers, the counselors and analysts believe there are opportunities in this battered market.

Investing for the long term

The Bond Fund of America gives investors a single point of access to a broad portfolio of fixed-income investments and also allows for automatic reinvestment of dividends, which can help you efficiently compound earnings over time.

Keep in mind that fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying

bond holdings and the return of principal for bond funds is not guaranteed. We may still see periods when fixed-income securities decline in value and bond funds suffer losses.

The bear market has been painful, and you may feel it is too early to be thinking about a turnaround. But by preparing for any eventual recovery, you may be in a better long-term position than if you simply wait and react. Investing has always been a matter of finding an appropriate balance of risk and reward.

The investment professionals who manage The Bond Fund of America have the experience and skills to identify opportunities that can help you reach your long term goals.

Portfolio counselors and years of investment experience

The portfolio counselors who manage The Bond Fund of America collectively have decades of experience researching investment-grade and high-yield corporate bonds and mortgage- and asset-backed securities.



David Barclay
27 years



Abner Goldstine
56 years



John Smet
26 years



Mark Dalzell
30 years



Mark Macdonald
23 years



Susan Tolson
20 years

A cushion during stock market declines through 12/31/08¹

Decline (high to low)	S&P 500 (with dividends)	The fund
5/28/74–10/3/74 ²	-28.1%	+2.5%
9/21/76–3/6/78	-13.5	+9.2
11/28/80–8/12/82	-20.2	+22.5
8/25/87–12/4/87	-32.8	-0.1
7/16/90–10/11/90	-19.2	-3.4
7/17/98–8/31/98	-19.1	-2.5
3/24/00–10/9/02	-47.4	+11.9
10/9/07–11/20/08	-50.8	-14.7

The Bond Fund of America has historically softened stock market volatility in portfolios that include equity holdings. Standard & Poor's 500 Composite Index, a broad measure of the U.S. stock market, is unmanaged and does not reflect sales charges or expenses.

¹ Declines are based on price drops of 15% or more (without dividends) in the S&P 500 with 100% recovery between declines. Returns are cumulative for each period. There have been times when the fund has lagged the index.

The current decline may not be over.

² The full S&P 500 decline was 1/11/73 to 10/3/74. The fund began operations on 5/28/74.

Below are the fund's average annual total returns with all distributions reinvested for periods ended 12/31/08, assuming payment of the 3.75% maximum sales charge for Class A shares at the beginning of the stated periods:

	1 year	5 years	10 years	Expense ratio
The Bond Fund of America	-15.54%	-0.05%	3.29%	0.65%

Prior to 1/10/00, the maximum sales charge for the fund was 4.75%.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expenses are as of the fund's most recent fiscal year-end. From 9/1/04 to 12/31/08, the investment adviser to the American Funds waived a portion of its management fees as described in the fund's annual report. Investment results reflect the waiver, without which the results would have been lower. Please see the fund's most recent shareholder report or prospectus for details. Investing outside the United States involves additional risks, such as currency fluctuations, as more fully described in the prospectus. If used after 3/31/09, this sheet must be accompanied by a current American Funds statistical update.

Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds. This and other important information is contained in each fund's prospectus, which can be obtained from your financial professional and should be read carefully before investing. This material must be preceded or accompanied by a prospectus for The Bond Fund of America.