



STATE OF CONNECTICUT
NEWS RELEASE

STATE TREASURER DENISE L. NAPIER
ATTORNEY GENERAL RICHARD BLUMENTHAL

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**BLUMENTHAL, NAPIER RAISE SERIOUS CONCERNS
ABOUT BANK OF AMERICA - FLEET MERGER; SEEK ANSWERS
ON REDUCTIONS IN BANKING SERVICES, POSSIBLE LAYOFFS**

***State Officials call on Federal Reserve to schedule public hearing in Hartford; say
impact of ongoing SEC investigations into both banks should be considered***

Connecticut State Treasurer Denise L. Nappier and Attorney General Richard Blumenthal today raised serious concerns about the planned merger of the Bank of America and FleetBoston Financial Corporation, calling on the Federal Reserve to consider the ramifications of approving the merger while investigations by the Securities and Exchange Commission into the business practices of both banks are currently underway.

Blumenthal and Nappier called on the Bank of America to reveal layoff and staff relocation plans and formally requested that the Federal Reserve Bank, which must approve the merger, conduct a public hearing in Connecticut. The two officials also said the Federal Reserve should require that the merged bank keep commitments regarding banking services and community reinvestment made by Fleet to the State of Connecticut, including those negotiated by Blumenthal and Nappier in 1999 at the time of the Fleet-BankBoston merger.

"Our citizens demand and deserve clear, convincing commitments in a public forum on key issues – bank jobs and services, community reinvesting, corporate contributions and governance," Blumenthal said. "Straight answers are necessary now because this mega-deal will surely have huge sweeping impacts on our state's economy and consumers."

"Connecticut has serious and substantial questions about the policies and plans for this new banking behemoth and we can ill-afford to let this merger proceed without straight answers," Nappier said. "All parties have an obligation to listen to Connecticut's concerns and provide real and convincing evidence that a stronger commitment in customer service, community development and corporate citizenship will result from this merger."

Added Blumenthal: "We need unambiguous assurances that FleetBoston's past agreement with us will be honored on community reinvestment and other corporate citizenship issues."

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This new merged mega-bank may be much bigger, but it won't be better if it breaks its promises – or resists responding to public questions. From the outset, it should show that it is accountable and open. Especially when both banks are under federal investigation, they should welcome coming clean in a public forum.”

CALL FOR PUBLIC HEARING, BANK TO CONTINUE COMMITMENT TO CONNECTICUT

The two officials called on the Federal Reserve Bank to hold a public hearing in Hartford on the merger, in addition to any contemplated public meetings to be held elsewhere in the Northeast Region and they expressed concern that the merger will result in “employee layoffs, as another means for Bank of America to achieve the savings it has indicated will accrue from this merger.” They called on Bank of America to announce “any intentions it has to layoff or relocate FleetBoston employees in Connecticut.”

In 1999, Blumenthal and Nappier had sought a Federal Reserve hearing on the Fleet-BankBoston merger. When that request was denied, the two Connecticut officials co-hosted a fact-finding hearing at the Connecticut Legislative Office Building attended by 150 citizens, 60 of whom testified. The testimonies reflected citizens’ concerns that mergers can pose financial risks that can affect access to banking services and underscored the need for Fleet to renew its commitment to investing in the state and its communities.

Nappier and Blumenthal also told the Federal Reserve that the merged bank should “be required to honor an existing contract between our offices and FleetBoston on community reinvestment and that Bank of America be directed to extend and increase this commitment once the merger is completed.”

An agreement negotiated between the Attorney General’s Office, Treasurer’s Office and Fleet in 1999 at the time of the Fleet-BankBoston merger provided critically needed funding for small business development, neighborhood revitalization and community development lending. This commitment represented an \$800 million increase from Fleet’s original commitment to the state. The five year agreement is to continue through the end of 2004. As part of the agreement, Fleet has also worked with the Treasurer’s Office to establish statewide programs on individual development accounts, credit and banking services, and financial literacy.

CORPORATE GOVERNANCE ISSUES, SEC INVESTIGATIONS OF CONCERN

Blumenthal and Nappier said the proposed merger “raises corporate governance issues that we believe the Federal Reserve Bank should examine,” including excessive payments made to FleetBoston officials at a time when the bank has underperformed for shareholders, as well the implications for shareholders of approving a merger while investigations into both banks by the Securities and Exchange Commission are still in process.

Nappier and Blumenthal have also asked the Federal Reserve to clarify whether the projections on share value are accurate considering that both banks are currently being

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investigated by the SEC (BofA for hedge fund transactions and FleetBoston for mutual fund issues).

“We are of course concerned that the current pricing of this transaction may not reflect the true value of the company should serious misdeeds be uncovered and customers withdraw their business, as has been the case with other companies found guilty of violating SEC rules on similar allegations as those facing these banks,” the letter said.

Nappier noted that FleetBoston is the largest provider of banking services for the Office of the Treasurer, saying “it will be important for us to understand how the proposed merger would affect the delivery of those services and competition in the state for the cost of those services.” In addition, the state pension fund is a shareholder in both financial institutions.

The Treasurer is principal fiduciary of the Connecticut Retirement Plans and Trust Funds (CRPTF), which invests the retirement savings for 160,000 plan participants and beneficiaries. As of December 15, 2003, the CRPTF holds 1.3 million shares of BofA with a market value of \$24 million and 14.5 million bonds, with a market value of \$16 million. The CRPTF holds 606,000 common stock shares of FleetBoston with a market value of \$25 million and 200,000 bonds with a market value of \$210,000. BofA is the CRPTF’s top ninth holding and should the merger be approved, the new entity would become the CRPTF’s seventh largest holding.

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