



STATE OF CONNECTICUT **NEWS RELEASE**

State Treasurer Denise L. Nappier
Attorney General Richard Blumenthal

FOR IMMEDIATE RELEASE
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BLUMENTHAL, NAPIER ANNOUNCE PLANS FOR PUBLIC HEARING ON BANK OF AMERICA - FLEET MERGER; WILL BRING CONNECTICUT'S CONCERNS DIRECTLY TO FEDERAL AGENCIES

Officials say merger should be approved only if concerns about impact on businesses, consumers, jobs and accountability are met; AG testifies in Boston

(Hartford) -- Connecticut State Treasurer Denise L. Nappier and Attorney General Richard Blumenthal said today that federal regulators should only approve the pending Bank of America – FleetBoston merger plan if it includes requirements that the bank maintain jobs and increase community reinvestment funding in Connecticut and assure accountable corporate governance.

The officials also announced plans for a public hearing on the merger, to be held on January 28, 2004 at the State Capitol complex in Hartford. Testimony would be provided to the Federal Reserve Board and Office of Comptroller of the Currency, the agency which must approve the merger of branch networks of the two banks, the final step in the regulatory approval process.

Blumenthal and Nappier had sought formal hearing in Connecticut by the Federal Reserve Board of Governors, the first federal agency to consider the merger, but the agency instead scheduled hearings only in San Francisco and Boston. Representing his office and the Treasury, Blumenthal traveled to Boston today to urge the Federal Reserve to approve the mega-merger only if "explicit standards are set to assure that Bank of America will fully address community needs and enact effective, accountable governance structure."

Nappier and Blumenthal said the Federal Reserve should condition approval of the merger on specific commitments by Bank of America, including:

- Community reinvestment funding for Connecticut at a significantly higher level than the current FleetBoston commitment;
- Establishment of a Connecticut based advisory board to provide oversight and accountability on community reinvestment efforts;
- Employment levels in Connecticut at or above the FleetBoston levels for at least four years after the merger;
- Director and officer compensation related to the acquisition must be scrutinized and approved by independent directors who have no financial interest;
- Mandatory cooperation with the current federal and state investigations into improper mutual fund trading and other potential legal issues.

More...

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"So far, we've seen far more questions than answers. Connecticut can't afford for this deal to be done with smoke and mirrors, and it is incumbent upon the parties to this merger and the regulating authorities to cut through the rhetoric and exact precise and meaningful commitments that will protect consumers and businesses in our state," Nappier said. "The bottom line must be not only what's good for profits, but what matters to people."

"I'm encouraged by a high-ranking FleetBoston official's statement to me this morning that the goal for community reinvestment for the Northeast is \$150 billion, a 50 percent increase over the \$100 billion the bank originally proposed as a minimum. Also, the bank recognizes in principle that the amount of community reinvestment should reflect the proportion of its assets in the region. This newly articulated position seems to be a significant step forward. It should increase the bank's commitment to Connecticut and other northeastern states. While this progress seems promising, we'll continue to press for a specific commitment of funding and community accountability for Connecticut."

Blumenthal and Nappier said they planned to invite officials from Bank of America and Fleet to testify at the hearing, and representatives of the Federal Reserve Board will also be invited to attend. Individuals and representatives of business or community organizations interested in testifying should contact the Attorney General's Office at 808-5324 or the State Treasurer's Office at 702-3106. Individuals may also sign up to speak on the day of the hearing.

OFFICIALS ADVOCATE SPECIFIC COMMITMENTS TO CONNECTICUT

Nappier and Blumenthal took issue with Bank of America's recent assertion to the Federal Reserve Board that a community reinvestment program that allocates specific funds to individual markets would be unwieldy. "Fleet has heeded the people and organizations in communities with first-hand knowledge of their problems and financial needs. Their community reinvestment funds were more effectively spent because of grassroots involvement," Nappier and Blumenthal pointed out to the Federal Reserve Board.

"The plan doesn't say specifically if Bank of America will continue FleetBoston's funding for vital programs that provide Connecticut residents and businesses with affordable housing, small business development, financial education and individual development accounts," Nappier said.

Added Blumenthal: "Simply put, without specifics, the bank's commitment to community lending is eye candy – appealing and alluring, but untested and untasted. Looks good. Smells good. But what's at the center? Approval should be conditioned on Bank of America setting specific state community reinvestment goals, establishing a process that assures actual accountability to communities the bank serves and maintaining current employment levels in Connecticut for at least four years after the merger. All the rhetoric still leaves completely and unacceptably unclear some absolutely critical issues – beginning with whether Connecticut will receive its fair share of community reinvestment funds and how those monies will be allocated."

This is not the first time that the Treasurer and Attorney General have teamed up to provide Connecticut residents with a forum to express concerns regarding a pending bank merger. In 1999, Blumenthal and Nappier had sought a Federal Reserve Board 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. Those comments were shared with the Office of the Comptroller of the Currency, and provided the basis for the agreement negotiated between Blumenthal, Nappier and Fleet.

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Blumenthal and Nappier said that Bank of America officials have confirmed that they intend to keep the 1999 commitment negotiated at the time of the Fleet-BankBoston merger. But the state officials pointed out that the agreement, which included \$2.9 billion in community reinvestment funds, concludes at the end of 2004, and should be the beginning, not the end, of the newly merged bank's commitment to Connecticut.

Nappier and Blumenthal also said that Connecticut, as the nation's wealthiest state but also home to four of the country's poorest cities, "is different fundamentally from almost every other state in the Fleet region and even in the Bank of America market." The officials said the "concentration of low-income citizens in a state of overall high employment, wealth and educational demographics requires assistance programs that are targeted and tailored to Connecticut's needs and assets."

They called on Bank of America to "resist cookie cutter programs and instead address community-specific needs."

**LEADERS CALL FOR 4-YEAR "NO LAYOFF" COMMITMENT;
COOPERATION IN INVESTIGATIONS, GREATER CORPORATE ACCOUNTABILITY**

Regarding the potential for layoffs if the merger is approved, Nappier and Blumenthal called on the Federal Reserve Board to hold Bank of America to a promise that there would not be Connecticut layoffs by making that commitment, for at least four years, a condition of approval. The state leaders also reaffirmed concerns regarding the role of Bank of America in assisting to finance market-timing trading by mutual funds. The Bank is currently under investigation by the Securities and Exchange Commission and New York State officials.

"We remain 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," Nappier said.

In addition, they raised concerns about contemplated compensation packages for top officials of Bank of America and Fleet, saying that "excessive spending on compensation for a few highly placed individuals undercuts citizen confidence in the banking system." They called on the Federal Reserve to require more accountability and fairness by having independent Board members scrutinize and determine that compensation packages proposed for top executives are not excessive and are commensurate with the bank's performance.

Nappier noted that FleetBoston is the largest provider of banking services for the Office of the Treasurer, saying "the proposed merger could well affect the delivery of those services and a change in competition in the state could impact the cost of those services." In addition, the state pension fund is a shareholder in both financial institutions. The Connecticut Retirement Plans and Trust Funds (CRPTF), which invests the retirement savings for 160,000 plan participants and beneficiaries, holds 1.3 million shares of BofA with a market value of \$100 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 \$26 million and 200,000 bonds with a market value of \$211,000. 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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