

FLEETBOSTON FINANCIAL CORP

Form 425

November 03, 2003

**Creating America's Premier  
Financial Services Company**

**Ken Lewis**

**Chairman &**

**Chief Executive Officer**

**Bank of America**

**Jim Hance**

**Vice Chairman &**

**Chief Financial Officer**

**Bank of America**

Filing pursuant to Rule 425 under the  
Securities Act of 1933, as amended and  
Deemed filed under Rule 14a-12 under the  
Securities Exchange Act of 1934, as amended

Filer: Bank of America Corporation

Subject Company: FleetBoston Financial Corporation

Exchange Act File Number of  
Subject Company: 1-6366

## Forward Looking Statements

This presentation contains forward-looking statements, including statements about the financial conditions, results of operations and earnings outlook of Bank of America Corporation and FleetBoston Financial. The forward-looking statements involve certain risks and uncertainties. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include, among others, the following: 1) projected business increases following process changes and other investments are lower than expected; 2) competitive pressure among financial services companies increases significantly; 3) general economic conditions are less favorable than expected; 4) political conditions and related actions by the United States military abroad may adversely affect the company's businesses and economic conditions as a whole; 4) changes in the interest rate environment reduce interest margins and impact funding sources; 5) changes in foreign exchange rates increases exposure; 6) changes in market rates and prices may adversely impact the value of financial products and assets; 7) legislation or regulatory environments, requirements or changes adversely affect the businesses in which the company is engaged; 8) litigation and regulatory liabilities, including costs, expenses, settlements and judgments, may adversely affect the company or its businesses; and 9) decisions to downsize, sell or close units or otherwise change the business mix of any of the company. For further information regarding either company, please read the Bank of America and FleetBoston Financial reports filed with the SEC and available at [www.sec.gov](http://www.sec.gov).

Transaction Rationale

**3**

**#1 U.S. consumer retail bank**

**Unparalleled retail distribution network**

**Largest consumer customer base 33 million**

**Superior product delivery including strong card and mortgage platforms**

**Commanding business banking franchise**

**#1 small business lender in U.S. with 2.5 million clients**

**Largest middle market lender**

**Corporate banking leader**

**Business relationships with 95% of Fortune 500 companies**

**#1 Global Treasury Services provider with 16,000 clients worldwide**

**Fastest growing investment bank on Wall Street**

**Significant wealth management business**

**More than \$470 billion in assets under management (#9 in U.S.)**

**Largest private bank in U.S.**

**3<sup>rd</sup> largest bank-owned brokerage**

(\$ in billions)

**The financial strength and cash flow generation of the combined entity will mitigate risk while providing significant resources to support future growth**

Superior Financial Strength

**4**

**Equity excludes goodwill resulting from the combination**

**Bank of America**

**FleetBoston**

**Combined**

**Market Cap**

**(10/24/03)**

**\$121.9**

**\$33.5**

**\$155.4**

**Earnings (2003 YTD)**

**\$8.1**

**\$1.9**

**\$10.0**

**Common Equity**

**\$50.4**

**\$17.6**

**\$68.0**

**#3 financial services**

**worldwide**

**4th most profitable**

**company in world**

**#3 financial services**

**worldwide**

Diversified Business Mix

**5**

Unrivaled Market Presence

Source: SNL Branch Data Source; Deposits as of June 2002, adjusted for pending transactions

**WA**

**#1 (22%)**

**OR**

**#4 (11%)**

**ID**

**#4 (4%)**

**CA**

**#1 (21%)**

**NV**

**#3 (19%)**

**AZ**

**#2 (21%)**

**NM**

**#2 (16%)**

**KS**

**#2 (7%)**

**OK**

**#5 (5%)**

**TX**

**#2 (12%)**

**IA**

**#7 (2%)**

**MO**

**#2 (11%)**

**AR**

**# 3 (6%)**

**IL**

**#13**

**(1%)**

**TN #5 (6%)**

**GA**

**# 3**

**(12%)**

**SC #2**

**(12%)**

**NC #2 (21%)**

**VA**

**# 5 (10%)**

**MD**

**#1 (17%)**

**DC**

**#3 (17%)**

**FL**

**#1**

**(20%)**

**NY**

**#5 (3%)**

**PA**



**#10 (2%)**

CT

#1 (22%)

RI

#2 (23%)

NJ

#1 (19%)

MA

#1 (23%)

**ME**

**#3**

**8%**

NH

#4 (6%)

**State ranking and deposit share**

**6**

***9.8% of total U.S. deposit market share***

Transaction Summary

<sup>1</sup> Based on closing BAC stock price as of 10/22/03.

7

*Price Per Share:*

*\$45.00 per FBF share <sup>1</sup>*

*Fixed Exchange Ratio:*

*.5553 BAC shares for each FBF share*

*Accounting Treatment:*

*Purchase / tax-free exchange*

***Board Composition:***

***(19) 12 from Bank of America***

***7 from FleetBoston***

***Expected Closing:***

***Second Quarter 2004***

***Approvals:***

***Normal regulatory and shareholder***

***approvals of both companies***

**Value per FleetBoston share**

\$

**45.00**

**Aggregate Consideration**

2

\$

**47,363**

**million**

**Premium to Market**

**40.7**

*%*

**Price to Earnings - First Call Estimates:**

**Last Twelve Months (9/30/2003)**

\$

**2.00**

**22.5**

x

**2003E**

**3**

**2.41**

**18.7**

**2004E**

**3**

**2.75**

**16.4**

**2005E**

**4**

**3.00**

**15.0**

**With Fully Phased-In Synergies**

**2004E**

**5**

**\$**

**3.80**

**11.8**

**x**

**2005E**

**5**

**4.05**

**11.1**

**Price to Book Value**

**6**

**:**

**Stated**

**\$**

**16.46**

**2.7**

**x**

**Tangible**

**12.13**

**3.7**

**Premium as % of  
Core Deposits**

**7**

**33.6**

**%**

*1 Based on closing prices as of October 22, 2003.*

*2 Based on 1,052.6 million shares.*

*3 Forecast earnings estimate for 2003E and 2004E is mean First Call estimate as of October 22, 2003.*

*4 Forecast earnings estimate for 2005E is based on First Call mean 2004E EPS estimate of \$2.75 grown at 9%.*

*5 Based on fully phased in synergies of \$1.1 billion.*

*6 September 30, 2003 book value of \$17.3 billion, tangible book value of \$12.8 billion and 1,052.6 million shares.*

*7 Core deposits of \$103.1 billion calculated as total deposits less time deposits greater than \$100,000 and foreign deposits.*

**Summary of Transaction Multiples**

**8**

**Announce**

**Trans.**

**Price /**

**Price /**

**Premium as %**

**Date**

**Buyer**

**Target**

**Value**

**Stated**

**Tangible**

**LTM EPS**

**Forward EPS**

**Core Deposits**

10/27/2003

Bank of America

FleetBoston

\$

47,363

2.7

x

3.7

x

22.5

x

18.7

x

33.6

%

**All Bank Acquisitions \$5bn**

10/04/2000

Firststar

U.S. Bancorp

21,237

2.7

x

4.4

x

13.8

x

12.9

x

34.8

%

10/02/2000

FleetBoston

Summit Bancorp

6,991

2.4

2.9

15.2



13.3

19.1

09/13/2000

Chase Manhattan

J.P. Morgan

34,423

3.2

3.4

17.6

17.1

49.9

06/01/1999

AmSouth

First American

6,341

3.4

3.9

28.9

19.8

38.0

05/10/1999

HSBC

Republic New York

8,078

2.8

3.1

51.8

18.2

16.3

04/30/1999

Firststar

Mercantile Bancorp

10,670

3.4

4.5

27.4

21.6

38.1

11/30/1998

Deutsche Bank

Bankers Trust

9,426

2.1

2.4

NM

NA

19.3

07/20/1998

SunTrust Banks

Crestar

9,606

4.3

4.7

28.3

24.7

46.7

12/01/1997

National City

First of America

7,148

3.8

4.3

22.8

22.4

36.2

11/18/1997

First Union

CoreStates

17,104

5.4

5.9

22.2

20.0

45.0

08/29/1997

NationsBank

Barnett Banks

15,523

4.0

5.8

25.2

20.7

42.4

03/20/1997

First Bank System

U.S. Bancorp

9,086

3.4

4.0

19.2

NA

29.8

Median

3.4

x

4.1

x

22.8

x

19.9

x

37.1

%

**Mergers of Equals**

04/15/2001

First Union

Wachovia

\$

13,627

03/14/1999

Fleet Financial

BankBoston

16,258

07/01/1998

Star Banc

Firststar

7,357

06/08/1998

Norwest

Wells Fargo

34,611

04/13/1998

Bank One

First Chicago NBD

29,482

04/13/1998

NationsBank

BankAmerica

66,624

04/06/1998

Travelers Group

Citicorp

82,536

**Price to Book**

**Source: SNL Financial, except for Bank of America / FleetBoston which reflect management figures**

Comparable Transaction Pricing

(\$ in millions)

**9**

Financial Overview

**(\$ in millions)**

**10**

**2004**

**2005**

**1**

**Bank of America projected net income**

**10,961**

**\$**

**11,947**

**\$**

**1**

**FleetBoston projected net income**

**1,487**

**2**

**3,148**

**Total**

**12,448**

**\$**

**15,095**

**\$**

**Adjustments**

**Expense efficiencies**

250

1,100

**Higher intangible amortization**

(165)

(330)

**Synergies**

110

195

**Projected net income for new Bank of America**

12,643

\$

16,060

\$

**Average projected diluted shares outstanding**

1,781

2,016

**Projected earnings per diluted share**

7.10



\$

7.97

\$

1

**Consensus First Call estimate for Bank of America**

7.27

\$

7.92

\$

**Projection vs. Consensus**

-2%

1%

**Excludes after-tax restructuring charge of \$800 million**

1

**2004 First Call consensus with 9% increase in 2005**

2

**2004 reflects only 6 months earnings as a result of purchase accounting**

Financial Assumptions

*Transaction closes in second quarter 2004*

*Overall expense efficiencies of \$1.1 billion after-tax, or 6% of combined expense base*

*Higher intangible amortization of \$330 million per year*

*Synergies of approximately \$195 million after-tax per year*

*Restructuring charge of \$800 million after-tax*

*Net share repurchases of approximately 67 million in 2004 and 23 million in 2005*

Expense Efficiencies

*Overlapping business infrastructure*

*Redundant processes*

*Corporate overhead*

*Marketing*

*Vendor leverage*

*Occupancy*

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Impact of Expense Efficiencies

**13**

**Projected**

**Combined**

**Pre-tax**

**Less**

**Expense**

**Expense**

**Bank of America**

**FleetBoston**

**Efficiencies**

**Efficiencies**

**2003 annualized revenue**

**38,320**

**\$**

**11,133**

**\$**

**49,453**

**\$**

**2003 annualized expense**

**19,793**

**6,371**

**(1,600)**

24,564

**Expense efficiency ratio**

52%

57%

50%

\*

**Bank of America efficiency ratio excluding Global Corporate & Investment Banking = 49%**

Focus on Customer Retention

*No branch disruption*

*Emerging service culture of excellence evident in results*

*Convenience*

*Expanded breadth of products*

*Retail mortgage origination*

*Checking products*

*Credit and Debit card offerings*

*Continued investment in technology and brand*

*Customer Service will be the highest priority in integration*

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Investment in BAC Today

*Stock with a P/E discount versus 12+ for peers and 13+ for industry*

*Higher EPS expectations in out years versus current expectations*

*Intense associate focus on customer satisfaction that shows in current revenue streams*

*Much improved risk profile versus years ago when both stocks were at their highs*

*Attractive dividend yield (4%) and history of double digit increases spanning a quarter century*

*Strong cash flow to pay dividend and repurchase shares*

*Franchise more diversified and unequalled in market share presence*

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Capital Returned to Shareholders  
(\$ in millions)

*Returned more than \$47 billion in capital  
since 1998*

*Improved Tier 1 capital ratio more than  
100 basis points*

**Tier 1  
7.06%**

**Tier 1  
8.25%**

**EOP Common Shares**

**1,677**

**1,614**

**1,559**

**1,501**

**1,724**

**1,489**

**16**

**\$47,249**



**Creating America's Premier Financial Services Company**

**APPENDIX**

The NEW Bank of America

**(\$ in billions as of 9/30/03)**

**19**

**Assets and Equity exclude goodwill resulting from the combination**

**Bank of America**

**FleetBoston**

**Combined**

**Assets**

**737**

**\$**

**196**

**\$**

**933**

**\$**

**Loans & leases**

**373**

**126**

**499**

**Deposits**

**409**

**133**

542

**Shareholder's equity**

50

18

68

**YTD Revenue**

28

9

37

**YTD Earnings**

8

2

10

**Employees**

132,749

**47,969**

**180,718**

**Banking centers**

**4,211**

**1,458**

**5,669**

**ATMs**

**13,120**

**3,431**

**16,551**

Consumer & Small Business Highlights

**20**

**#1 Retail customers -**

**33 million**

**#1 Deposit market share in US -**

**9.8%**

**#1 Banking center locations -**

**5,669**

**#1 ATM network -**

**16,551**

**#1 Active online banking customers -**

**8 million**

**#1 Small business lender -**

**11,594 loans**

**#1 Debit card transactor -**

**15% + market share**

**#5 Credit card managed receivables -**

**\$47 billion**

**#3 Retail mortgage originator -**

**\$80 billion YTD 03**

**14.8%**

Bank of America Has Presence Where Growth Matters

***Deposit market share of Top 50 MSAs with largest expected population growth***

Current deposit market share percentage of Top 50 MSAs with largest expected population growth from 2002 - 2007 taken from SNL securities data and Lehman Brothers research reports.

**21**

FleetBoston Adds To Presence Where Wealth Matters

*Deposit market share of Top 50 MSAs with largest income concentration*

Current deposit market share percentage of Top 50 MSAs with largest # of households with annual income of at least \$50,000 taken from SNL Securities data and Lehman Brothers research reports.

**11.5%**

**22**



Source: Institutional Investor, July 2003; data as of 12/31/02. Rankings only include top 40 asset managers ranked by total assets under management.

Top U.S. Wealth Managers by AUM and  
Asset Class

**23**

*Combined company moves to 9<sup>th</sup> largest asset manager*

(\$'s in billions)

Fidelity Investments

1

794

State Street Global Advisors

2

763

Barclays Global Investors

3

746

Capital Group Cos.

4

552

Citigroup

5

535

Mellon Financial Corporation

6

522

J.P. Morgan Flemming Asset Mgmt

7

516

Merrill Lynch Investment Managers

8

462

**New Bank of America**

**9**

**456**

**Bank of America**

**17**

**310**

**FleetBoston's Columbia Mgmt Group**

**37**

**146**

**Ken Lewis**

**Chad Gifford**

**Chief Executive Officer**

**Chairman**

**Steele Alphin**

**Principal**

**Personnel**

**Executive**

**Milton Jones**

**Quality and**

**Productivity**

**Executive**

**Cathy Bessant**

**Chief Marketing**

**and**

**Communications**

**Officer**

**Jim Hance**

**Vice Chairman**

**and Chief**

**Financial  
Officer**

**Amy Brinkley**

**Chief Risk**

**Officer**

**Jay Sarles**

**Vice Chairman**

**Special Advisor**

**to CEO**

**Liam McGee**

**President**

**Consumer**

**Banking**

**Gene Taylor**

**President**

**Commercial**

**Banking**

**Brian Moynihan**

**President**

**Wealth**

**Management**

**Barbara Desoer**

**President**

**Consumer**

**Products**

**Ed Brown**

**President**

**Global Corporate  
and Investment  
Banking**

**Brad Warner**

**President**

**Small Business**

**and Premier**

**Banking**

**Gene McQuade**

**President**

Talented and Experienced Management  
Team

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*Additional Information About the Merger*

Bank of America Corporation ( Bank of America ) and FleetBoston Financial Corporation ( FleetBoston ) will file a Joint Proxy Statement/Prospectus and other documents regarding the Agreement and Plan of Merger they entered, dated as of October 27, 2003 (the Merger ) with the Securities and Exchange Commission (the SEC ). Bank of America and FleetBoston will mail the Joint Proxy Statement/Prospectus to their respective shareholders. These documents will contain important information about the transaction, and Bank of America and FleetBoston urge you to read these documents when they become available.

You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC 's website ([www.sec.gov](http://www.sec.gov)). You may also obtain these documents, free of charge, from Bank of America 's website ([www.bankofamerica.com](http://www.bankofamerica.com)) under the tab "About Bank of America" and then under the heading "Investor Relations" and then under the item "Complete SEC Filings" . You may also obtain these documents, free of charge, from FleetBoston 's website ([www.fleetboston.com](http://www.fleetboston.com)) under the tab "About Fleet" and then under the heading "Investor Relations" and then under the item "SEC Filings" .

*Participants in the Merger*

Bank of America and FleetBoston and their respective directors and executive officers may be deemed participants in the solicitation of proxies from stockholders in connection with this transaction. Information about the directors and executive officers of Bank of America and FleetBoston and information about other persons who may be deemed participants in this transaction will be included in the Joint Proxy Statement/Prospectus. You can find information about Bank of America 's executive officers and directors in their definitive proxy statement filed with the SEC on March 27, 2003. You can find information about FleetBoston 's executive officers and directors in their definitive proxy statement filed with the SEC on March 17, 2003. You can obtain free copies of these documents from Bank of America and FleetBoston using the contact information above.