

Joe Price notes

CFD of BOTB

Hank P. 21-DEC-08

USI

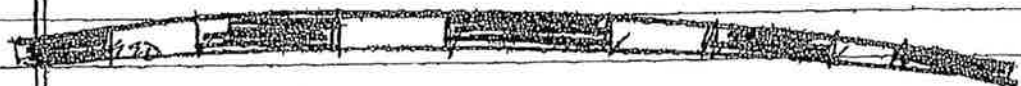
- Muck
- Shalei
- Loto
- Phil Ann
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- All committed L parts
- FIRE BOTB if you do it -
- 1 resp. for country
- What we are
- Tim G. agree
- Response - timing - FED
- BOTB + 1



- Drawings - ONE announcement
- ML - issue we can do it

11:45
CMT



IS

21-DEC-08 FED (1500)

- Larry Summers + Tim agree
- That's been today

Jan 20th my stock price goes up

(1 sample)

- Flexible -
- CFC - Recheand. misunderstanding behind us



Price, Joe

From: Kevin.Warsh@frb.gov
Sent: Monday, December 22, 2008 8:17 PM
To: Price, Joe
Subject: Re: Recent Discussions

Thank you, joe. Ben alerted me as to his conversations with Ken. I will be unavail until tomorrow afternoon, but will call you late in the day. Best, kevin

—Sent from my BlackBerry Wireless Handheld

From: "Price, Joe" [joe.price@bankofamerica.com]
Sent: 12/22/2008 07:46 PM EST
To: Kevin Warsh
Subject: Recent Discussions

Kevin,

Hope Chairman Bernanke let you know that he gave Ken your name as the person I should work with on the Merrill Lynch transaction. I'm sure everybody is going to scatter for at least a couple days but as you might imagine we will still be trying to make some progress.

Just to recap Ken's last discussion:

Capital ok to consummate the transaction and resultant normal environment, but acknowledged these are extraordinary times and our combined TCE of 2.2 is lower end but he did note that Citi was at 1.7%

Also on that point, that TARP availability will not be at issue as sufficient funds remain from the initial authorization. I think Ken mentioned to me that there was some 45 bn still out there, clearly enough to replenish the capital loss at Merrill. FYI – Treasury (HP) had a higher number but nevertheless, enough to deal with this issue

Our liquidity was fine and he encouraged us to continue to utilize the regulatory programs

He noted that if we continue to see economic deterioration that credit will be weak but we clearly would not be alone

He understood Merrill to have significant financial guarantor exposure and the new administration's team will be focused on Financial Guarantors overall

He noted there were two main points – common capital and asset wraps to limit downside

In light of the conditions of government ownership and all that could involve, he encouraged us to consider non-voting common or other imaginative or creative forms of equity that would support a higher level of common as we work through the details.

On the wrap side he again indicated there was a model, although I think you are aware the asset mix of Merrill's assets is predominately mark to market versus accrual and includes derivatives and synthetics – I think you have seen the details, if not the supervisory teams have them. In talking to Jeremiah Norton at Treasury (as a follow up from our call last Friday) this makes it a little different than Citi – but we've got some ideas on how to make it fit.

He did mention that if there were more efficient ways to get the same protection, the wrap model is somewhat inefficient from your standpoint as it chews up your liquidity capacity. Again, I think the message was try and be creative in reaching the objectives in the most efficient manner.

Lastly, we've heard it loud and clear that the agencies feel calling a MAC would be systemically unsafe and unsound to the system as well as Bank of America. In response to Ken's question on how we should respond to questions about the MAC, he said we could say our regulators and the Treasury strongly stated that to call a MAC would not be in our best interest.

I'll have my team continue to get our thoughts together but wanted to make sure we are consistent and see when you wanted to connect. I'll be in the office tomorrow morning (Tuesday). FYI, while not confirmed, I assume the Treasury contact will be Jeremiah.

I think you have it but my contact info is:

Joe.Price@bankofamerica.com

704.386.0303 - office

[REDACTED] - home - personal #

[REDACTED] - home - work #

It's easiest to reach me by just sending me a blackberry message. Hope you are having as much fun as I am. Take care.

jlp

Ken Lewis Notes

12-31-08

Bernake

He was expecting my call.

Said he wanted to reiterate what he had said previously that we had joint interests in having the market perceive the solution as a positive one and goal was to have our stock price go up and that we continued to be perceived as a strong company. They were committed and were working hard to find the right solution.

- Wanted the solution to be constructive and not punitive.
- Wanted this to be seen as helping out with Merrill and issuing a vote of confidence in BAC.
- Again said we are strongly committed to this being perceived as a positive for BAC. "We will not leave you in the lurch."
- Geithner, Summers and Paulson up to date. Geithner would like to see what is done as a template for the industry. Bernake said clearly we are going to be dealing with systemic issues over the next few months.
- Said we view you as a strong company that has acted very appropriately throughout very difficult circumstances.
- Said you can assure your board that our interests are aligned.
- Wished me Happy New Year.

From: Wbame13@aol.com
Sent: Monday, December 22, 2008 10:05 PM (GMT)
To: Lewis, Ken D <Ken.D.Lewis@bankofamerica.com>
Subject: Re: Privileged and Confidential to Board of Directors

Not a surprise to me thanks for sharing

In a message dated 12/22/2008 4:58:05 P.M. Eastern Standard Time, Ken.D.Lewis@bankofamerica.com writes:

I just talked with Hank Paulson. He said that there was no way the Federal Reserve and the Treasury could send us a letter of any substance without public disclosure which, of course, we do not want.

Ken

One site keeps you connected to all your email: AOL Mail, Gmail, and Yahoo Mail. The NEW AOL.com.