

CHARLOTTE BUSINESS JOURNAL

Monday, September 15, 2008 - 6:51 AM EDT | Modified: Monday, September 15, 2008 - 8:20 AM

BofA and Merrill Lynch agree to deal

Charlotte Business Journal

Bank of America Corp. has agreed to acquire Merrill Lynch & Co. Inc. in a \$50 billion deal that creates a global financial-services company.

"Acquiring one of the premier wealth-management, capital-markets and advisory companies is a great opportunity for our shareholders," BofA Chairman and Chief Executive Ken Lewis said in a statement Monday morning. "Together, our companies are more valuable because of the synergies in our businesses."

Under terms of the transaction, BofA would exchange 0.8595 shares of its common stock for each Merrill Lynch common share.

The price is 1.8 times stated tangible book value.

"Merrill Lynch is a great global franchise, and I look forward to working with Ken Lewis and our senior management teams to create what will be the leading financial institution in the world with the combination of these two firms," said John Thain, chairman and CEO of New York-based Merrill Lynch (NYSE:MER).

Charlotte-based BofA (NYSE:BAC) expects to achieve \$7 billion in pre-tax expense savings, fully realized by 2012. The company says the acquisition should be accretive to earnings by 2010.

The transaction is expected to close in the first quarter. It has been approved by directors of both companies but is subject to shareholder votes at both companies and standard regulatory approvals.

Under the agreement, three directors of Merrill Lynch will join the BofA board of directors.

The combined company would have leadership positions in retail brokerage and wealth management. By adding Merrill Lynch's more than 16,000 financial advisers, BofA would have the largest brokerage in the world, with more than 20,000 advisers and \$2.5 trillion in client assets.

The combination brings global scale in investment management, including an approximately 50 percent ownership in BlackRock, which has \$1.4 trillion in assets under management. BofA has \$589 billion in assets under management.