Bank of America

U.S. $25,000,000,000
Euro Medium-Term Note Program
Bank of America Corporation
Bank of America, N.A.

This Offering Circular, which replaces the Offering Circular dated August 1, 2003, describes the Euro Medium-Term Note Program (the "Program") operated by Bank of America Corporation (the "Corporation") and Bank of America, N.A. (the "Bank") and the notes issued under the Program after the date of this Offering Circular (the "Notes").

Under this Program, the Corporation or the Bank (each, an "Issuer" and together, the "Issuers") periodically may issue Notes denominated in any currency and having terms as may be agreed upon between the relevant Issuer and the relevant Dealers. The relevant Issuer will disclose any additional terms and conditions of the Notes in a pricing supplement ("Pricing Supplement") to this Offering Circular. The maximum principal amount of Notes that may be outstanding at any one time under the Program will not exceed U.S. $15 billion for the Corporation and U.S. $10 billion for the Bank, provided that the Issuers reserve the right to increase those amounts.

The Notes are unsecured and may be senior notes ("Senior Notes") or subordinated notes ("Subordinated Notes"). The Corporation also may issue its Senior Notes as European InterNotes ("InterNotes") as described herein. The Corporation's Senior Notes will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation. The Corporation's Subordinated Notes are subordinated and junior in right of payment to all senior indebtedness of the Corporation (including the Corporation's Senior Notes). The Bank's Senior Notes will rank equally with the Bank's other unsubordinated and unsecured obligations, except obligations, including U.S. deposit liabilities, that are subject to priorities or preferences by law. The Bank's Subordinated Notes will be subordinated and junior in right of payment to the claims of depositors of the Bank, its obligations under bankers' acceptances and letters of credit and its obligations to its other creditors (including the Bank's Senior Notes).

The Notes will be issued on a continuing basis to one or more of the Dealers listed below and any additional Dealer appointed under the Program from time to time (each, a "Dealer" and together, the "Dealers").

Application has been made to list the Notes on the Luxembourg Stock Exchange.

Initially, each tranche of Notes ("Tranche of Notes") will be represented by a temporary global note in bearer form ("Temporary Global Note") that will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Beneficial interests in a Temporary Global Note will be exchangeable for beneficial interests in a permanent global note in bearer form ("Permanent Global Note") upon certification as to non-United States beneficial ownership. Only under limited circumstances will beneficial interests in a Temporary Global Note or a Permanent Global Note be exchangeable for definitive notes ("Definitive Notes"), in each case as further described in "Form of the Notes."

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, except as stated under "Subscription and Sale," may not be offered, sold, or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction (the "United States") or to a U.S. person (as defined in Regulation S under the Securities Act). In addition, unless otherwise agreed upon by the relevant Issuer and the relevant Dealers and specified in the applicable Pricing Supplement, the Notes will be in bearer form and will be subject to United States tax law requirements.

The Notes are unsecured and are not and will not be savings accounts, deposits, obligations of, or otherwise guaranteed by, the Bank (in respect of the Corporation's Notes) or the Corporation (in respect of the Bank's Notes). The Notes do not evidence deposits of the Bank or any other banking affiliate of the Corporation and are not insured by the Federal Deposit Insurance Corporation (the "FDIC") or any other insurer or governmental agency or instrumentality. The Notes are subject to investment risks, including possible loss of the principal amount invested. See "Risk Factors."

Arranger

Banc of America Securities Limited

Dealers

ABN AMRO
Banc of America Securities Limited
Bear, Stearns International Limited
Citigroup
Deutsche Bank
Lehman Brothers
Morgan Stanley

BA Asia Limited
Barclays Capital
BNP PARIBAS
Credit Suisse First Boston
Goldman Sachs International
Merrill Lynch International

European InterNotes Arrangers

Banc of America Securities Limited
Incapital Europe Limited

The date of this Offering Circular is April 15, 2004.

This Offering Circular must be read in conjunction with all documents deemed to be incorporated by reference (see "Incorporation by Reference") and shall be construed accordingly.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuers or any Dealer. This Offering Circular does not relate to any securities other than the Notes or constitute an offer to any person in any jurisdiction where such offer would be unlawful. Delivery of this Offering Circular at any time does not imply that the information in this Offering Circular is correct as of any time subsequent to its date.

Each Issuer confirms that, as of the date hereof, this Offering Circular (including the documents incorporated by reference herein) contains all information that is material in the context of the issue and sale of the Notes, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty, or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuers. The Dealers do not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuers in connection with the Program.

Neither the delivery of this Offering Circular nor the offering, sale, or delivery of any Notes shall imply in any circumstance that there has been no material adverse change, or any event reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of either Issuer or any of its respective subsidiaries since the date hereof.

For so long as any Notes are listed on the Luxembourg Stock Exchange, this Offering Circular may only be used to offer the Notes for a period of 12 months from the date hereof. Each Issuer has undertaken, in connection with the listing of the Notes, that if, while Notes are outstanding and listed on the Luxembourg Stock Exchange, there shall occur any material adverse change in the business or financial condition of, or any other material adverse change affecting, an Issuer which is not reflected in this Offering Circular or in an incorporated document, the relevant Issuer will prepare an amendment or supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent offering by such Issuer of Notes to be listed on the Luxembourg Stock Exchange. For those Notes listed on the Luxembourg Stock Exchange, the Issuers will prepare a further Offering Circular on an annual basis during the continuance of the Program. If the terms of the Program are modified or amended in a manner that would make the Offering Circular, as supplemented, inaccurate, or misleading, a new Offering Circular will be prepared.

Neither this Offering Circular nor any other information supplied in connection with the Program is intended to provide the basis of any credit or other evaluation and any recipient of this Offering Circular, should not consider such receipt a recommendation to purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs of the Issuers, and its own appraisal of the creditworthiness of the Issuers. None of the Dealers undertakes to review the financial condition or affairs of the Issuers during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of any investment in Notes of a particular structure, including Indexed Notes (as defined herein). The risks and investment considerations identified in this Offering Circular under "Risk Factors" are provided as general information only. Investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The Notes have not been, and will not be, registered under the Securities Act, are subject to United States tax law requirements and may not be offered, sold, or delivered within the United States or to U.S. persons.

An Issuer, subject to applicable laws and regulations, may agree to issue Notes in registered form to non-United States persons ("Registered Notes"). With respect to any Tranche of Registered Notes, the relevant Issuer will appoint, pursuant to a transfer, paying agency, and registry agreement, a transfer agent, paying agent, and registrar, all as more fully described in the applicable Pricing Supplement.

Neither this Offering Circular nor any Pricing Supplement constitutes, nor may be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Notes or the distribution of this Offering Circular in any jurisdiction where such action is required. For a further description of restrictions on offers and sales, see "Subscription and Sale." The distribution of this Offering Circular and the offering and sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required by the Dealers and the Issuers to inform themselves about and to observe any such restrictions.

In connection with any issuance, a specified Dealer may act as a Stabilizing Manager and may over-allot or effect transactions for a limited period with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no obligation on the Stabilizing Manager to do so. The identity of any Stabilizing Manager will be disclosed in the applicable Pricing Supplement. That stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period and shall be in compliance with all applicable laws, regulations, and rules.

The Issuers may use this Offering Circular in the initial sale of any Notes. In addition, Banc of America Securities Limited or any other affiliate of the Issuers may use this Offering Circular in market-making transactions with respect to any Notes after their initial sale.

The Bank's Subordinated Notes are subordinated to the claims of depositors and general creditors of the Bank, including the claims of holders of the Bank's Senior Notes, are unsecured and are ineligible as collateral for a loan by the Bank. In accordance with the applicable regulations of the Office of the Comptroller of the Currency of the United States (the "Comptroller"), payment of the principal of the Bank's Subordinated Notes may be accelerated only in the case of certain events involving the appointment of a receiver or similar official for the Bank, and then only to the extent required under or pursuant to applicable capital regulations, with the prior approval of the Comptroller. There is no right of acceleration in the case of a default in the payment of interest on the Bank's Subordinated Notes or in the performance of any other obligation of the Bank under the Bank's Subordinated Notes.

"InterNotes" is the name informally given to certain Fixed-Rate or Floating-Rate Senior Notes that the Corporation proposes to issue from time to time pursuant to sale arrangements to be entered into with Banc of America Securities Limited and Incapital Europe Limited, as arrangers (the "InterNotes Arrangers") and dealers to be identified as InterNotes Dealers. The term "InterNotes" is a trademark owned by Incapital Holdings LLC. See "Summary of the European InterNotes."

In this Offering Circular, references to "U.S. Dollars," "$," "U.S. $," "U.S.D.," and "U.S. Cents" refer to the currency of the United States, those to "Sterling," "Pounds Sterling," and "£" refer to the currency of the United Kingdom, those to "Japanese Yen," "Yen," and "¥" refer to the currency of Japan and those to "EUR," "euro," and "€" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to Article 109g of the Treaty establishing the European Communities, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam (the "EC Treaty"). References to any composite currency in any applicable Pricing Supplement will be defined therein.

Introductory Note

On October 27, 2003, the Corporation and FleetBoston Financial Corporation ("FleetBoston") entered into an Agreement and Plan of Merger providing for the merger of FleetBoston with and into the Corporation (the "FleetBoston Merger"). The FleetBoston Merger closed on April 1, 2004, with the Corporation as the surviving corporation in the transaction. Following the FleetBoston Merger, the Corporation's principal banking subsidiaries are the Bank and Fleet National Bank. Only the Corporation and the Bank may issue Notes under the Program. Neither FleetBoston nor Fleet National Bank are issuing Notes under this Offering Circular.

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INCORPORATION BY REFERENCE

The following documents shall be incorporated by reference in, and form part of, this Offering Circular:

- Filed with the United States Securities and Exchange Commission (the "SEC"):
  - the Corporation's Current Reports on Form 8-K filed January 2, 2004, January 15, 2004, January 29, 2004, February 17, 2004, February 19, 2004, March 2, 2004, March 10, 2004, March 15, 2004, March 18, 2004, March 22, 2004, March 23, 2004, March 30, 2004, April 1, 2004 (as amended on April 14, 2004, to include, among other things, audited financial statements of FleetBoston, which are incorporated by reference in this Offering Circular), April 9, 2004, and April 14, 2004 (other than those portions furnished under Items 9 and 12 of Form 8-K);
  - the Corporation's Annual Report on Form 10-K for the year ended December 31, 2003;
  - all documents filed by the Corporation under Sections 13(c), 14, or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this Offering Circular and before the termination of the offering pursuant to this Offering Circular, other than those portions furnished under Items 9 and 12 of Form 8-K.
- Filed with banking regulators:

  the publicly available portions of (1) the "Consolidated Reports of Condition and Income" (the "Call Reports") of the Bank submitted by the Bank to its primary U.S. federal regulator in respect of its most recent complete fiscal reporting period, and (2) any subsequent Call Report of the Bank submitted by the Bank to its primary U.S. federal regulator.
- Other:
  - any supplement to this Offering Circular; and
  - with respect to any Tranche of Notes, the applicable Pricing Supplement.

Investors in the Notes shall be deemed to have notice of all information contained in, or incorporated by reference in, such documents as if all such information were included in this Offering Circular. Investors who have not previously reviewed such information should do so in connection with their purchase of Notes. Copies of all such reports, including the applicable audited financial statements of the Corporation and FleetBoston, will be available for inspection without charge at the office of the Issuing and Principal Paying Agent in London and, as long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall require, will be available without charge at the office of the Paying Agent in Luxembourg. Any statement contained herein or incorporated by reference shall be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement in any subsequently filed document which also is or is deemed incorporated by reference in this Offering Circular modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Offering Circular, except as so modified or superseded. All supplements to this Offering Circular circulated from time to time in accordance with the undertaking given by the Issuers in the Amended and Restated Program Agreement, dated as of August 1, 2003, among the Issuers and the Dealers named or to be appointed thereunder (the "Program Agreement") described under "Subscription and Sale" shall be deemed to be incorporated by reference into this Offering Circular.

The Issuers will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents incorporated herein by reference. Written requests for such documents should be directed to: Bank of America Corporation, Bank of America Corporate Center, 100 North Tryon Street, NC1-007-07-06, Charlotte, North Carolina 28255-0065, Attention: Corporate Treasury. Telephone requests may be directed to 1-704-386-5972. The Corporation's filings with the SEC are available through (1) the SEC's website at *www.sec.gov*, or by calling 1-800-SEC-0330 and (2) the Corporation's website at *www.bankofamerica.com*. The publicly available portions of the Call Reports of the Bank are also on file with and publicly available from the FDIC over the Internet at its website, *www.fdic.gov*, or by calling 1-877-275-3342. References to web addresses in this Offering Circular are included as inactive textual references only. Except as specifically incorporated by reference into this Offering Circular, information on these websites is not part of this Offering Circular.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, an Issuer may issue Notes from time to time pursuant to the Amended and Restated Agency Agreement (the "Amended and Restated Agency Agreement") dated as of August 1, 2003, among the Issuers, JPMorgan Chase Bank, London Branch, as issuing and principal paying agent (the "Agent" and the "Issuing and Principal Paying Agent," which term shall include any successor agent) and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the "Paying Agents," which term shall include any additional or successor paying agents). The Notes may be denominated in any currency (each, a "Specified Currency") with such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency. Unless otherwise permitted by then current laws and regulations, the Notes issued by the Bank must have a minimum maturity of seven days.

The applicable terms of any Notes will be agreed upon between the relevant Issuer and the relevant Dealers prior to the issue of the Notes and are set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes."

This Offering Circular and any relevant supplement hereto will be valid only for listing Notes on the Luxembourg Stock Exchange in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under this Program (including unlisted Notes), does not exceed U.S. $15 billion for the Corporation and U.S. $10 billion for the Bank or its equivalent in other currencies.

For purposes of calculating the U.S. Dollar equivalent of the aggregate principal amount of Notes issued under the Program from time to time:

(a) the U.S. Dollar equivalent of Notes denominated in another Specified Currency other than U.S. Dollars shall be determined as of the Agreement Date for such Notes on the basis of the spot rate for the sale of the U.S. Dollar against the purchase of the Specified Currency quoted by a foreign exchange dealer selected by the relevant Issuer on the relevant calculation day. For purposes of the preceding sentence, the term "Agreement Date" means, in respect of any Note, the date on which agreement is reached to issue such Note as contemplated in Clause 2 of the Program Agreement;

(b) the U.S. Dollar equivalent of Dual Currency Notes and Indexed Notes (other than Indexed Redemption Amount Notes) (each as defined herein) shall be calculated as specified above by reference to the original nominal amount of such Notes;

(c) the U.S. Dollar equivalent of Zero Coupon Notes (as defined herein), other Notes issued at a discount or premium and Indexed Redemption Amount Notes shall be calculated as specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue; and

(d) the U.S. Dollar equivalent of Partly Paid Notes (as defined herein) shall be determined as specified above by reference to the original principal amount of such Notes regardless of the amount paid on the Notes.

On September 30, 1998, the former BankAmerica Corporation, a Delaware corporation ("BA"), merged with and into NationsBank Corporation, a Delaware corporation ("NationsBank"), with NationsBank as the surviving corporation in this merger (the "BA Merger"). Subsequently, NationsBank changed its name to "Bank of America Corporation." At the date of the BA Merger, BA had its own euro medium-term note program. At December 31, 2003, the outstanding principal balance of the notes issued under the BA program was $37 million.

At the date of the FleetBoston Merger, FleetBoston also had its own euro medium-term note program. At December 31, 2003, the outstanding principal balance of the notes issued under the FleetBoston program was $1.7 billion. Additional indebtedness is not expected to be issued under this program.

While the Corporation, as the successor by merger to BA and FleetBoston, is liable for the payment of these notes, notes issued under the BA program and the FleetBoston program will not be deemed to be a part of the Notes issued under the Program and the amount of those notes will not be included in determining the amount of Notes outstanding under the Program.

USE OF PROCEEDS

The net proceeds from the sale of the Notes by each Issuer will be used for general purposes, including such Issuer's working capital needs, the funding of investments in, or extensions of credit to, its subsidiaries, possible acquisitions of other financial institutions or their assets or liabilities, possible acquisitions of or investments in other businesses, possible reduction of outstanding indebtedness or, in the case of the Corporation, repurchases of its outstanding equity securities, or otherwise in the ordinary course of such Issuer's business. Pending such use, an Issuer may temporarily invest the net proceeds. From time to time, an Issuer may engage in additional capital financings of a character and in amounts to be determined by such Issuer in light of its needs at such time or times and in light of prevailing market conditions. If an Issuer elects at the time of issuance of Notes to make different or more specific use of proceeds other than those set forth in this Offering Circular, the Issuer will describe that use in the applicable Pricing Supplement.

SUMMARY OF THE NOTES OTHER THAN EUROPEAN INTERNOTES

The following summary, which describes the Notes other than the InterNotes, is qualified in its entirety by the remainder of this Offering Circular and, with respect to each Tranche of Notes, by the applicable Pricing Supplement. Terms defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary, and references to a numbered "Condition" refer to the relevant Condition under "Terms and Conditions of the Notes" below. The Terms and Conditions of any particular Notes may be supplemented, replaced, or modified by an agreement with the Issuer described in the applicable Pricing Supplement. For a summary of the terms of the InterNotes, which may be issued only by the Corporation, and not by the Bank, please see "Summary of the European InterNotes" below.

Issuers	Bank of America Corporation and Bank of America, N.A.
Description	Euro Medium-Term Notes.
Arranger	Banc of America Securities Limited.
Dealers	ABN AMRO Bank N.V., BA Asia Limited, Banc of America Securities Limited, Barclays Bank PLC, Bear, Stearns International Limited, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, Goldman Sachs International, Lehman Brothers International (Europe), Merrill Lynch International, and Morgan Stanley & Co. International Limited.
Calculation Agent	JPMorgan Chase Bank, London Branch, and such other agents as may be appointed from time to time.
Issuing and Principal Paying Agent	JPMorgan Chase Bank, London Branch.
Luxembourg Listing, Paying and Intermediary Agent	J.P. Morgan Bank Luxembourg S.A.
Size	Up to U.S. $15 billion for the Corporation and U.S. $10 billion for the Bank (or the equivalent in any other currency or currency units as described above under the caption "General Description of the Program") aggregate principal amount of Notes may be outstanding at any one time, subject to the right of the Issuers to increase such limit in accordance with the terms of the Program Agreement.
Regulatory Matters	The Issuers will issue only Notes denominated in a currency with respect to which particular laws, guidelines, regulations, restrictions, or reporting requirements apply if the relevant Issuer determines that it may reasonably comply with such laws, guidelines, regulations, restrictions, or reporting requirements. See "Subscription and Sale." Unless permitted by then current laws and regulations, any Notes issued by the Corporation (including Notes issued by the Corporation denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Corporation in the United Kingdom and which have a maturity of less than one year from their date of issue, shall (a) be issued to a limited class of professional investors, (b) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling), and (c) provide that no part of any such Note may be

	transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount in other currencies). Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 1934 (as amended) and article 15 of the Federal Law on Stock Exchange and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchange and Securities Trading of 2nd November, 1996. Under these regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes a branch or subsidiary of a foreign bank located in Switzerland or a securities dealer licensed by the Swiss Federal Banking Commission as per the Federal law on Stock Exchange and Securities Trading of 24th March, 1995). The Swiss Dealer must report certain details of the transaction to the Swiss National Bank no later than the relevant issue date for such transaction.
Distribution	Notes may be distributed privately or publicly and, in each case, on a syndicated or non-syndicated basis.
Selling Restrictions	There are restrictions on the offer, sale, and transfer of the Notes in the United States, the United Kingdom, Japan, Germany, and the Netherlands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale."
Currencies	Subject to compliance with all applicable legal and regulatory requirements, such currencies as may be agreed between the relevant Issuer and the relevant Dealers, including, without limitation, U.S. Dollars, Swiss Francs, Sterling, Japanese Yen, and euro.
Maturities	Any maturity, as may be agreed between the relevant Issuer and the relevant Dealers or, in any case, such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or to Notes denominated in the relevant Specified Currency. Unless otherwise permitted by then current laws and regulations, the Notes issued by the Bank must have a minimum maturity of seven days.
Issue Price	Notes may be issued at par or at a discount to, or at a premium over, par. The Issue Price (as defined herein) of Partly Paid Notes will be payable in two or more installments.
Form of Notes	Unless otherwise agreed to by the relevant Issuer and the relevant Dealers, initially each Tranche of Notes will be represented by a Temporary Global Note in bearer form to be held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg or any other agreed upon clearance system. The Temporary Global Note may be endorsed by the Issuing and Principal Paying Agent to reflect exchanges of beneficial interests in the Temporary Global Note for

interests in a Permanent Global Note in bearer form or, under limited circumstances, for Definitive Notes in bearer form, on or after the date which is 40 calendar days after the completion of the distribution of all Notes of each Tranche (the "Exchange Date"), provided that, certificates as to non-United States beneficial ownership of interests in the Temporary Global Note have been received by the Issuing and Principal Paying Agent. Any interest in a Global Note (as defined herein) will be transferable only in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg or any other agreed upon clearance system. An Issuer, subject to applicable laws and regulations, may agree to issue Registered Notes. With respect to any Tranche of Registered Notes, the relevant Issuer will appoint pursuant to a transfer, paying agency, and registry agreement, a transfer agent, paying agent, and registrar, all as more fully described in the applicable Pricing Supplement.

Denomination of Notes .... The relevant Issuer will issue Notes in such denominations as may be agreed upon by the Issuer and the relevant Dealers. The minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency.

Unless otherwise permitted by then applicable laws and regulations, the Notes issued by the Corporation (including Notes issued by the Corporation denominated in Sterling) in respect of which the proceeds are to be accepted by the Corporation in the United Kingdom and have a maturity of less than one year from the date of issue must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies), and be issued only to persons (1) whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses or (2) who it is reasonable to expect will acquire, hold, manage, or dispose of investments (as principal or agent) for purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA").

Unless otherwise specified in the applicable Pricing Supplement, the Notes issued by the Bank must have a minimum denomination of $250,000 or its equivalent in other currencies.

Variation of Terms and Conditions .... The relevant Issuer and Dealers may agree that Notes may be issued in a form and with terms different than those contemplated by the "Terms and Conditions of the Notes." The applicable Pricing Supplement will describe any changes.

Redenomination .... The relevant Issuer may specify in the applicable Pricing Supplement that such Notes may be redenominated into euro. The relevant provisions applicable to any such redenomination are contained in Condition 6.

Fixed-Rate Notes .... Notes bearing interest at a fixed rate will pay interest on such date or dates as the relevant Issuer and Dealers agree and on the maturity date. Interest on Fixed-Rate Notes will be calculated on the basis of

	the Fixed Day Count Fraction (as defined herein) specified in the applicable Pricing Supplement.
Floating-Rate Notes	Notes bearing interest on a floating rate basis will bear interest at a rate determined (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency, governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated at the Issue Date of the first Tranche of the Notes of the relevant Series) (the "ISDA Definitions"), (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, or (c) on such other basis as may be agreed between the relevant Issuer and the relevant Dealers, as indicated in the applicable Pricing Supplement. The relevant Issuer and Dealers for each issue of Floating-Rate Notes will agree on the margin (the "Margin"), if any, relating to such floating rate. The amount of interest payable on the Floating-Rate Notes will be calculated using the method specified in the applicable Pricing Supplement.
Indexed Notes	Indexed Notes include notes for which the payment of principal ("Indexed Redemption Amount Notes"), premium, if any, interest ("Interest Indexed Notes"), or other amounts payable are determined by reference to the price or performance, either directly or indirectly, of one or more securities, debt obligations, currencies or composite currencies, commodities, interest rates, stock indices, or other indices or formulae, as agreed between the relevant Issuer and Dealers and described in the applicable Pricing Supplement (referred to generically as "Indexed Notes"). Subject to compliance with all applicable legal, regulatory, and clearing system settlement requirements, an Issuer may issue Indexed Notes which may be settled by delivery of non-cash payments such as securities, loans, or other instruments.
Other Provisions Relating to Floating-Rate Notes and Interest Indexed Notes	Interest on Floating-Rate Notes and Interest Indexed Notes for each Interest Period (as defined below) will be payable on the Interest Payment Dates (as defined herein) specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the relevant Floating Day Count Fraction unless otherwise indicated in the applicable Pricing Supplement. Floating-Rate Notes and Interest Indexed Notes also may have either a maximum or a minimum rate at which the Notes bear interest, or both.
Amortizing Notes	Notes in which the payment of principal and interest is based on an amortization table are "Amortizing Notes." The relevant Issuer and Dealers will agree on the amortization table. Payments on Amortizing Notes will be applied first to interest due and then to the reduction of the unpaid principal amount.
Dual Currency Notes	Notes in which the payment of principal or interest (whether at maturity or otherwise) may be payable in one or more Specified Currencies are "Dual Currency Notes." The denomination of such

	Notes (the "Specified Denomination") will be based on such rates of exchange as agreed between the relevant Issuer and Dealers.
Zero Coupon Notes	Notes issued on a non-interest bearing basis ("Zero Coupon Notes") will be offered and sold at a discount to their principal amount or at a discount to par and will not bear interest other than in the case of late payment.
Partly Paid Notes	Notes in which the interest will accrue on the paid-up amount of such Notes are "Partly Paid Notes."
Installment Notes	Notes redeemable in installments are "Installment Notes."
Redemption	The Pricing Supplement relating to each Tranche of Notes will indicate either that (a) the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if any, or for tax reasons or following an Event of Default (as defined herein)) or (b) the Notes will be redeemable at the option of the relevant Issuer and the Noteholders (as defined herein) upon not less than 30 nor more than 60 calendar days' irrevocable notice (or such other notice period, if any), to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms, all as are indicated in the applicable Pricing Supplement. Unless permitted by then current laws and regulations, any Notes issued by the Corporation (including Notes issued by the Corporation denominated in Sterling) for which the proceeds are to be accepted by the Corporation in the United Kingdom and which have a maturity of less than one year from its date of issue, shall (1) be issued to a limited class of professional investors, (2) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling), and (3) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or an equivalent amount in other currencies).
Status of Notes	The Notes are not insured by the FDIC or any other governmental agency or instrumentality. The Notes are not and will not be savings accounts or deposits of the Bank. Notes issued by the Corporation are not, and will not be, obligations of, or guaranteed by, the Bank. Notes issued by the Bank are not, and will not be, obligations of, or guaranteed by, the Corporation. The Pricing Supplement relating to each Tranche of Notes will specify the Issuer and whether the Notes of such Tranche are Senior Notes or Subordinated Notes. The Corporation's Senior Notes will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation. The Corporation's Subordinated Notes shall be subordinated in right of payment to all existing and future Senior Indebtedness (as defined herein) of the Corporation (including the Corporation's Senior Notes) as provided in Condition 2. The Bank's Senior Notes will rank equally with the Bank's other unsubordinated and unsecured obligations, except obligations, including U.S. deposit liabilities, that are subject to priorities or preferences by law. The Bank's Subordinated Notes will be subordinated and junior in right of payment to the claims of depositors of the Bank, its obligations under

bankers' acceptances and letters of credit, and its obligations to its other creditors (including the Bank's Senior Notes) as provided in Condition 2. In an insolvency of the Bank, holders of the Bank's Subordinated Notes would be treated differently from, and could receive significantly less than, the Bank's depositors and the Bank's other unsecured creditors (including its senior noteholders). There is no limitation on the amount of additional indebtedness that may be incurred by the Issuers. See "Terms and Conditions of the Notes — Status of the Senior Notes and the Subordinated Notes." Payment of principal and interest accrued thereon (and any Additional Amounts (as defined herein), if any) of the Subordinated Notes of either Issuer may not be accelerated in the case of a default in the payment of principal or interest by that Issuer or the performance of any other covenant of that Issuer but may be accelerated only in the case of bankruptcy or insolvency. See "Terms and Conditions of the Notes — Events of Default."

Cross-Default .... None.

Negative Pledge .... None.

Rating .... The Program has been rated as follows:

	Senior Notes		Subordinated Notes	
	Corporation	Bank	Corporation	Bank
Moody's Investors Service	Aa2	Aa1	Aa3	Aa2
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ..	A+	AA−	A	A+
Fitch Ratings, Inc.	AA−	AA−	A+	AA−

Tranches of Notes issued under the Program may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Program. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Listing .... Application has been made to list any Notes issued under the Program which are agreed at the time of issue to be so listed on the Luxembourg Stock Exchange. The Notes also may be listed on one or more alternate stock exchanges as may be agreed between the relevant Issuer and Dealers in relation to each issue. The Issuers also may issue unlisted Notes. The Pricing Supplement relating to each issue will state whether or not (and, if so, on which stock exchanges) the Notes are to be listed.

Governing Law .... The Notes shall be governed by and construed in accordance with the laws of the State of New York, United States, applicable to agreements made and to be performed wholly within such jurisdiction without regard to principles of conflicts of laws.

Withholding Tax .... All payments in respect of the Notes to a United States Alien (as defined herein) will be made free and clear of any withholdings or deduction for or on account of any United States taxes, as provided and subject to the limitations contained in Condition 7. The applicable

	Pricing Supplement will state if any payments of principal and interest made with respect to Dual Currency Notes or Indexed Notes are subject to United States withholding taxes.
Reopening	Subject to compliance with all applicable selling restrictions, including the restrictions set forth in Treasury Regulations Section 1.163-5 under the Internal Revenue Code of 1986, as amended (the "Code"), and Regulation S under the Securities Act, the relevant Issuer may issue one or more additional Tranches of Notes under an existing Series of Notes, without notice, by selling additional Notes with the same terms of the Series. Any such additional Tranche of Notes will be treated, for all purposes, like the Notes originally issued, except that the new Tranche of Notes may begin to bear interest at a different date and may have a different issue date and price.

SUMMARY OF THE EUROPEAN INTERNOTES

The following summary is qualified in its entirety by the remainder of this Offering Circular and, with respect to each Tranche of Notes, by the applicable Pricing Supplement. Terms defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary, and references to a numbered "Condition" refer to the relevant Condition under "Terms and Conditions of the Notes" below. The Terms and Conditions of any particular InterNotes may be supplemented, replaced, or modified by an agreement with the Corporation, as described in the applicable Pricing Supplement.

Issuer	Bank of America Corporation.
Title of Notes	Bank of America Corporation European InterNotes.®
InterNotes Arrangers	Banc of America Securities Limited and Incapital Europe Limited.
InterNotes Dealers	The Dealers for each offering of InterNotes will be identified in the applicable Pricing Supplement.
Issuing and Principal Paying Agent	JPMorgan Chase Bank, London Branch.
Luxembourg Listing, Paying and Intermediary Agent	J.P. Morgan Bank Luxembourg S.A.
Size	The InterNotes will be offered from the U.S. $15 billion aggregate principal amount of the Notes that may be issued by the Corporation, as described under "Summary of the Notes Other than InterNotes — Size."
Regulatory Matters	See "Summary of the Notes Other than European InterNotes — Regulatory Matters."
Distribution	The InterNotes will be distributed by the InterNotes Arrangers and the InterNotes Dealers in accordance with a subscription agreement between them and the Corporation.
Currencies	InterNotes will be issued in U.S. Dollars, Sterling, or euro.
Maturities	Each InterNote will mature nine months or more from its issue date, except for InterNotes denominated in Sterling, which will mature one year or more from the issue date.
Issue Price	InterNotes may be issued at par or at a discount to par.
Form of Notes	See "Summary of the Notes Other than European InterNotes — Form of Notes."
Denomination of Notes	The InterNotes will be issued and sold in denominations of $5,000, €1,000, or £1,000 and multiples of such amounts, or in such other minimum denominations as may be required from time to time by the relevant central bank (or equivalent body) or any applicable laws or regulations.
Interest Rate	Each InterNote will bear interest from its issue date at a fixed rate or a floating rate per year. Interest on each InterNote will be payable either monthly, quarterly, semi-annually, or annually on each interest payment date and on the maturity date, in the manner described in the applicable Pricing Supplement. If an InterNote is redeemed or repurchased prior to

	maturity, interest also will be paid on the date of redemption or repayment.
Fixed-Rate Notes	InterNotes bearing interest at a fixed-rate will pay interest on such dates as the InterNotes Dealers agree and on redemption. Interest on fixed-rate InterNotes will be computed on the basis of a 360-day year of twelve 30-day months for InterNotes denominated in U.S. Dollars and Actual/Actual (ISMA) for InterNotes denominated in Sterling or euro.
Floating-Rate Notes	InterNotes bearing interest on a floating-rate basis will bear interest at a rate determined (a) on the same basis as the floating-rate under a notional interest rate swap transaction in the relevant Specified Currency, governed by an agreement incorporating the ISDA Definitions, (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, or (c) on such other basis as may be agreed between the Corporation and the InterNotes Arrangers, as indicated in the applicable Pricing Supplement.
Ranking	InterNotes will be issued as the Corporation's Senior Notes, and will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation.
Redemption	The Pricing Supplement relating to each Tranche of InterNotes will indicate either that (a) the InterNotes cannot be redeemed prior to their stated maturity date (other than in specified installments (see below), if any, or for tax reasons or following an Event of Default (as defined herein)) or (b) the InterNotes will be redeemable at the option of the Corporation upon not less than 30 nor more than 60 calendar days' irrevocable notice (or such other notice period, if any), to the Noteholders, on a date or dates specified prior to such stated maturity date and at a price or prices and on such terms, all as are indicated in the applicable Pricing Supplement.
Status of Notes	InterNotes are not insured by the FDIC or any other governmental agency or instrumentality. The InterNotes are not and will not be savings accounts or deposits of the Bank. InterNotes are not, and will not be, obligations of, or guaranteed by, the Bank. There is no limitation on the amount of additional indebtedness that may be incurred by the Corporation.
Cross-Default	None.
Negative Pledge	None.
Rating	The Program for issuing InterNotes has been rated as follows:

	InterNotes
Moody's Investors Service	Aa2
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.	A+
Fitch Ratings, Inc.	AA−

A security rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Listing	Application has been made to list the InterNotes on the Luxembourg Stock Exchange. The InterNotes also may be listed on one or more alternate stock exchanges as may be agreed between the Corporation, the InterNotes Arrangers, and the InterNotes Dealers in relation to each issue. The Pricing Supplement relating to each issue will state on which stock exchanges the InterNotes are to be listed.
Governing Law	The InterNotes shall be governed by and construed in accordance with the laws of the State of New York, United States, applicable to agreements made and to be performed wholly within such jurisdiction without regard to principles of conflicts of laws.
Selling Restrictions	There are selling restrictions in relation to the offer and sale of InterNotes and the distribution of offering materials in certain jurisdictions. These selling restrictions will be set out in the applicable Pricing Supplement.
Withholding Tax..............	See "Summary of the Notes Other than European InterNotes — Withholding Tax."

BANK OF AMERICA CORPORATION

Bank of America Corporation is a Delaware corporation, a bank holding company, and a financial holding company. The Corporation was incorporated in 1998 as a part of the merger of BankAmerica Corporation with NationsBank Corporation. The Corporation provides a diversified range of banking and nonbanking financial services and products in 29 states and the District of Columbia and in selected international markets. The Corporation provides services and products through four business segments: (1) *Consumer and Small Business*, (2) *Commercial Banking*, (3) *Global Corporate and Investment Banking*, and (4) *Wealth and Investment Management*.

On October 27, 2003, the Corporation and FleetBoston entered into an Agreement and Plan of Merger providing for the merger of FleetBoston with and into the Corporation (the "FleetBoston Merger"). The FleetBoston Merger closed on April 1, 2004, with the Corporation as the surviving corporation in the transaction. Following the FleetBoston Merger, the Corporation's principal banking subsidiaries are the Bank and Fleet National Bank.

Acquisitions and Sales

As part of its operations, the Corporation regularly evaluates the potential acquisition of, and holds discussions with, various financial institutions and other businesses of a type eligible for financial holding company ownership or control. In addition, the Corporation regularly analyzes the values of, and submits bids for, the acquisition of customer-based funds and other liabilities and assets of such financial institutions and other businesses. The Corporation also regularly considers the potential disposition of certain of its assets, branches, subsidiaries, or lines of businesses. As a general rule, the Corporation publicly announces any material acquisitions or dispositions when a definitive agreement has been reached.

REGULATORY MATTERS

The following discussion describes elements of an extensive regulatory framework applicable to bank holding companies, financial holding companies, and banks and specific information about the Corporation and its subsidiaries. Federal regulation of banks, bank holding companies, and financial holding companies is intended primarily for the protection of depositors and the Bank Insurance Fund rather than for the protection of stockholders and creditors.

General

As a registered bank holding company and financial holding company, the Corporation is subject to the supervision of, and regular inspection by, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Corporation's banking subsidiaries are organized as national banking associations, which are subject to regulation, supervision, and examination by the Comptroller, the FDIC, the Federal Reserve Board, and other federal and state regulatory agencies. In addition to banking laws, regulations, and regulatory agencies, the Corporation and its subsidiaries and affiliates are subject to the laws and regulations of both the federal government and the states and counties in which they conduct business and supervision and examination by the SEC, the New York Stock Exchange (the "NYSE"), the National Association of Securities Dealers, Inc. (the "NASD"), and other regulatory agencies, all of which directly or indirectly affect the operations and management of the Corporation and its ability to make distributions to stockholders.

A financial holding company, and the non-bank companies under its control, are permitted to engage in activities considered "financial in nature" as defined by the Gramm-Leach-Bliley Act and Federal Reserve Board interpretations (including, without limitation, insurance and securities activities), and therefore may engage in a broader range of activities than permitted for bank holding companies and their subsidiaries. A financial holding company may engage directly or indirectly in activities considered financial in nature, either de novo or by acquisition, provided the financial holding company gives the Federal Reserve Board after-the-fact notice of the new activities. The Gramm-Leach-Bliley Act also permits national banks, such as the Corporation's banking subsidiaries, to engage in activities considered financial in nature through a financial subsidiary, subject to certain conditions and limitations and with the approval of the Comptroller.

Interstate Banking

Bank holding companies (including bank holding companies that also are financial holding companies) also are required to obtain the prior approval of the Federal Reserve Board before acquiring more than 5% of any class of voting stock of any bank which is not already majority-owned by the bank holding company. Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, a bank holding company may acquire banks in states other than its home state without regard to the permissibility of such acquisitions under state law, but subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, after the proposed acquisition, controls no more than 10% of the total amount of deposits of insured depository institutions in the United States and no more than 30% or such lesser or greater amount set by state law of such deposits in that state.

Subject to certain restrictions, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 also authorizes banks to merge across state lines to create interstate banks. This act also permits a bank to open new branches in a state in which it does not already have banking operations if such state enacts a law permitting de novo branching.

Changes in Regulations

Proposals to change the laws and regulations governing the banking industry are frequently introduced in Congress, in the state legislatures, and before the various bank regulatory agencies. The likelihood and timing of any proposals or legislation and the impact they might have on the Corporation and its subsidiaries cannot be determined at this time.

Capital and Operational Requirements

The Federal Reserve Board, the Comptroller, and the FDIC have issued regulatory capital guidelines for United States banking organizations. Failure to meet the capital requirements can initiate certain mandatory and discretionary actions by regulators that could have a material effect on the Corporation's financial statements. At December 31, 2003, the Corporation and the Bank were classified as well-capitalized under this regulatory framework.

The regulatory capital guidelines measure capital in relation to the credit and market risks of both on- and off-balance sheet items using various risk weights. Under the regulatory capital guidelines, total capital consists of three tiers of capital. Tier 1 capital includes common shareholders' equity, trust preferred securities, minority interests, and qualifying preferred stock, less goodwill and other adjustments. Tier 2 capital consists of preferred stock not qualifying as Tier 1 capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt, the allowance for credit losses up to 1.25% of risk-weighted assets, and other adjustments. Tier 3 capital includes subordinated debt that is unsecured, fully paid, has an original maturity of at least two years, is not redeemable before maturity without prior approval by the Federal Reserve Board, and includes a lock-in clause precluding payment of either interest or principal if the payment would cause the issuing bank's risk-based capital ratio to fall or remain below the required minimum. Tier 3 capital can only be used to satisfy our market risk capital requirement and may not be used to support our credit risk requirement. At December 31, 2003, the Corporation had no subordinated debt that qualified as Tier 3 capital.

The capital treatment of trust preferred securities currently is under review by the Federal Reserve Board due to the issuing trust companies being deconsolidated under Financial Accounting Standards Board Interpretation 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46). Depending on the capital treatment resolution, trust preferred securities may no longer qualify for Tier 1 capital treatment, but instead would qualify for Tier 2 capital. On July 2, 2003, the Federal Reserve Board issued a Supervision and Regulation Letter requiring that bank holding companies continue to follow the current instructions for reporting trust preferred securities in their regulatory reports. Accordingly, the Corporation will continue to report trust preferred securities in Tier 1 capital until further notice from the Federal Reserve Board. On September 2, 2003, the Federal Reserve Board and other regulatory agencies issued the Interim Final Capital Rule for Consolidated Asset-Backed Commercial Paper Program Assets. This interim rule allows companies to exclude from risk-weighted assets the newly consolidated assets of asset-backed commercial paper programs required by FIN 46, when calculating Tier 1 and total risk-based capital ratios through March 31, 2004.

To meet minimum, adequately capitalized regulatory requirements, an institution must maintain a Tier 1 capital ratio of 4% and a total capital ratio of 8%. A well-capitalized institution must generally maintain capital ratios 100 to 200 basis points higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a leverage ratio, defined as Tier 1 capital divided by quarterly average total assets, after certain adjustments. The leverage ratio guidelines establish a minimum of 100 to 200 basis points above 3%. Banking organizations must maintain a leverage capital ratio of at least 5% to be classified as well-capitalized. As of December 31, 2003, the Corporation was classified as "well-capitalized" for regulatory purposes, the highest classification. As of December 31, 2003, the Corporation's Tier 1 capital, total risk-based capital, and leverage ratio under these guidelines were 7.85%, 11.87% and 5.73%, respectively.

Net unrealized gains (losses) on available-for-sale debt securities, net unrealized gains on marketable equity securities, and net unrealized gains (losses) on derivatives included in shareholders' equity at December 31, 2003 are excluded from the calculations of Tier 1 capital, total capital, and leverage ratios.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) and requires the respective federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive constraints on operations, management, and capital distributions, depending on the category in which an institution is classified. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements. An "undercapitalized" bank must develop a capital restoration plan and its parent holding company must guarantee that bank's compliance with the plan. The liability of the parent holding company under any such guarantee is limited to the lesser of (1) 5% of the bank's total assets at the time it became "undercapitalized" or (2) the amount needed to comply with the plan. Furthermore, in the event of the bankruptcy of the parent holding company, such guarantee would take priority over the parent's general unsecured creditors. In addition, FDICIA requires the various regulatory agencies to prescribe certain non-capital standards for safety and soundness relating generally to operations and management, asset quality, and executive compensation and permits regulatory action against a financial institution that does not meet such standards.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under the regulations, a "well capitalized" institution must have (1) a Tier 1 risk-based capital ratio of at least 6%, (2) a total risk-based capital ratio of at least 10%, (3) a leverage ratio of at least 5%, and (4) not be subject to a capital directive order. Under these guidelines, each of the Corporation's banking subsidiaries was considered well capitalized as of December 31, 2003. In order for the Corporation to continue to qualify as a financial holding company, each banking subsidiary of the Corporation must remain well capitalized.

Regulators also must take into consideration (1) concentrations of credit risk; (2) interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position); and (3) risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. This evaluation will be made as a part of the institution's regular safety and soundness examination. In addition, the Corporation and any of the Corporation's banking subsidiaries with significant trading activity must incorporate a measure for market risk in our regulatory capital calculations.

Distributions

The Corporation's funds for payment of the Corporation's indebtedness, including debt securities, are derived from a variety of sources, including cash and temporary investments. The primary source of such funds, and funds used to pay principal and interest on its indebtedness, is dividends received from its banking subsidiaries. Each of its banking subsidiaries is subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof.

In addition, the ability of the Corporation and its banking subsidiaries to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under FDICIA, as described above. The right of the Corporation, its stockholders, and its creditors to participate in any distribution of the assets or earnings of its subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

Source of Strength

According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC — either as a result of default of a banking subsidiary or related to FDIC assistance provided to a subsidiary in danger of default — the other banking subsidiaries of a bank holding company may be assessed for the FDIC's loss, subject to certain exceptions.

RECENT DEVELOPMENTS

Recent Financial Information

On April 14, 2004, the Corporation reported earnings for the quarter ended March 31, 2004. The press release containing that unaudited financial information was filed with the SEC in a current report on Form 8-K dated April 14, 2004, and is incorporated in this Offering Circular by reference.

Litigation

Parmalat Investigation

On March 2, 2004, Italian authorities advised the Corporation that the activities of the Corporation and certain former or current employees in Milan are being investigated in connection with Parmalat Finanziera SpA. The Corporation, through certain of its subsidiaries, has provided financial services to Parmalat and its related entities.

On January 8, 2004, Italian authorities identified Luca Sala, a former employee, as a subject of the investigation. On March 2, 2004, Italian authorities advised the Corporation that three additional employees in the Milan office are being investigated, two of whom have submitted letters of resignation.

On March 18, 2004, the Corporation's counsel in Italy was informed by the Public Prosecutor's Office for the Court of Milan, Italy that a request had been filed with the Court of Milan for an accelerated trial with respect to the Corporation for administrative liability arising out of the actions of several of the Corporation's former employees who allegedly committed illegal acts relating to Parmalat. The Corporation also was informed that three of its former employees, Antonio Luzi, Luis Moncada, and Luca Sala, were also the subject of a request for accelerated trial. Those requests were rejected by the court. The Corporation does not believe that the proposed charges against it are supported by the facts, and will defend such charges vigorously.

The Corporation has provided information to, and continues to cooperate fully with, various governmental entities, including the SEC and Italian authorities. The Corporation cannot determine at this time the eventual outcome, timing, or impact of the investigation or matters related to Parmalat.

The Corporation's Mutual Fund Operations

On March 15, 2004, the Corporation announced agreements in principle with the New York Attorney General (the "NYAG") and the SEC over matters related to improper late day trading and market timing of mutual funds. Under the agreements, the Corporation agreed to pay $250 million in total disgorgement and restitution. Of that amount, approximately $25 million would go to Nations Funds shareholders, subject to further discussions with the Nations Funds Board of Trustees. The remainder will be available to contribute to the reimbursement of shareholders of other funds which were harmed by the activities of others using the Corporation's systems.

In connection with the wider reimbursement funds, a variety of additional organizations, including numerous other mutual fund complexes, granted market timing capacity. Hedge funds and other investors were the principal agents and beneficiaries of the improper market timing and late trading activities. Under the agreements, the Corporation can, and will, seek appropriate recompense from these parties based on the harm caused by their activities.

The agreements also require the Corporation to pay fines of $125 million and to reduce mutual fund management fees by $80 million over five years.

The financial impact of the settlement is approximately 16 cents per share, net of the reversal of previously booked reserves, and will be included in the Corporation's results of operations for the first quarter of 2004.

By the end of 2004, the Corporation will divest Broker Dealer Services, a clearing broker, which made its trading systems available to introducing brokers through whom other funds were market timed.

As of the date hereof, a number of lawsuits and regulatory proceedings have been filed against the Corporation, its affiliates, and associates in connection with these circumstances, alleging, among other things, breaches of fiduciary duties, the federal securities laws, the Employee Retirement Income and Security Act, the Investment Company Act of 1940, and the Investment Advisers Act of 1940, as well as contractual and other common law claims. The Corporation also has received shareholder derivative actions purportedly brought on behalf of the Corporation alleging various claims, including breach of fiduciary duty, against the Corporation's Board of Directors in connection with these matters. Additional lawsuits or regulatory proceedings presenting similar or additional allegations and requests for relief arising out of these circumstances could be filed in the future against the Corporation and related parties.

FleetBoston Mutual Funds

On March 15, 2004, FleetBoston announced an agreement in principle with the staff of the SEC and the NYAG, agreeing to pay $140 million to settle charges involving market timing in Columbia mutual funds. Additionally, Columbia has agreed to reduce mutual fund fees by a total of $80 million over the next five years, a reduction which will be spread over that period.

For additional information on litigation concerning the Corporation and FleetBoston, see "General Information — Litigation" beginning on page 77.

BANK OF AMERICA CORPORATION

SELECTED FINANCIAL DATA

The following table contains selected financial data (1) for the Corporation as of December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003 derived from the audited financial statements of the Corporation; and (2) for the Corporation and FleetBoston prepared using unaudited pro forma condensed combined financial information combining the historical financial information of the Corporation and FleetBoston as of and for the year ended December 31, 2003, as if the closing date of the merger was January 1, 2003, in the case of the income statement related items, and December 31, 2003, in the case of the balance sheet related items. Certain prior period amounts have been reclassified to conform to current year classifications.

	Year Ended December 31,			Unaudited Pro Forma Bank of America/FleetBoston Combined — Year Ended December 31, 2003 (1)
	2003	2002	2001	
	(Amounts in millions except per share information)			
Income statement:				
Interest income	$ 31,643	$ 32,161	$ 38,293	$ 40,940
Interest expense	10,179	11,238	18,003	12,506
Net interest income	21,464	20,923	20,290	28,434
Noninterest income	16,422	13,571	14,348	21,385
Total revenue	37,886	34,494	34,638	49,819
Provision for credit losses	2,839	3,697	4,287	3,864
Gains on sales of securities	941	630	475	1,069
Noninterest expense	20,127	18,436	20,709	27,103
Income before income taxes	15,861	12,991	10,117	19,921
Income tax expense	5,051	3,742	3,325	6,598
Net income	10,810	9,249	6,792	13,323
Net income available to common shareholders	10,806	9,244	6,787	13,301
Average common shares issued and outstanding (in thousands)	1,486,703	1,520,042	1,594,957	2,069,046
Average diluted common shares issued and outstanding (in thousands)	1,515,178	1,565,467	1,625,654	2,100,520
Per common share data:				
Earnings	$ 7.27	$ 6.08	$ 4.26	$ 6.43
Diluted earnings	7.13	5.91	4.18	6.33
Cash dividends paid	2.88	2.44	2.28	2.88

	December 31,		Unaudited Pro Forma Bank of America/FleetBoston Combined December 31, 2003 (1)
	2003	2002	
	(Amounts in millions, except ratios and percentages)		
Balance sheet (period-end):			
Total loans and leases	$371,463	$342,755	$499,950
Total assets	736,445	660,951	966,506
Total deposits	414,113	386,458	552,177
Long-term debt	75,343	61,145	93,812
Trust preferred securities	—	6,031	—
Total shareholders' equity	47,980	50,319	93,969
Allowance for loan and lease losses as a percentage of loan and leases outstanding	1.66%	1.85%	1.85%
Total equity to total assets	6.52	7.61	9.72
Capital ratios (period-end):			
Risk-based capital			
Tier 1	7.85	8.22	7.65
Total	11.87	12.43	11.48
Leverage ratio	5.73	6.29	5.96

(1) For additional information, see "Unaudited Pro Forma Condensed Combined Financial Information" and "FleetBoston Financial Corporation Selected Financial Data," attached to this Offering Circular as Annex E and Annex F, respectively, including the information set forth therein derived from the audited financial statements of the Corporation and FleetBoston. The information in such Annexes is incorporated by reference in this Offering Circular.

BANK OF AMERICA CORPORATION

CAPITALIZATION

The following table sets forth: (1) the Corporation's outstanding long-term debt as of December 31, 2003; (2) the pro forma combined outstanding long-term debt of the Corporation and FleetBoston as of December 31, 2003; and (3) the pro forma combined outstanding long-term debt of the Corporation and FleetBoston as adjusted for the issuance and maturity of some of the Corporation's and FleetBoston's long-term debt during the period beginning January 1, 2004 through April 15, 2004. As of the date of this Offering Circular, there has been no material change in the capitalization of the Corporation since December 31, 2003, except as described in the table below and the related notes.

	Bank of America Actual	Unaudited Pro Forma Bank of America/FleetBoston Combined December 31, 2003 (1)	Unaudited Pro Forma As Adjusted Bank of America/FleetBoston Combined (1)
	(Amounts in millions)		
Long-term debt:			
Senior debt			
Bank of America Corporation	$ 36,887	$ 41,816	$ 45,413
Subsidiaries (2)	12,862	16,976	18,207
Total senior debt	$ 49,749	$ 58,792	$ 63,620
Subordinated debt			
Bank of America Corporation	$ 19,041	$ 22,098	$ 21,617
Subsidiaries (2)	308	2,508	2,508
Total subordinated debt	$ 19,349	$ 24,606	$ 24,125
Junior subordinated debt			
Bank of America Corporation	$ 5,472	$ 8,729	$ 8,729
Subsidiaries (2)	773	773	773
Total junior subordinated debt	$ 6,245	$ 9,502	$ 9,502
Pro forma adjustments	$ —	$ 912	$ 912
Total long-term debt	$ 75,343	$ 93,812	$ 98,159
Shareholders' Equity (3):			
Preferred stock, $0.01 par value (4)	54	325	325
Common stock, $0.01 par value (5)	14	45,889	45,889
Retained earnings	50,213	50,213	50,213
Accumulated other comprehensive income	(2,148)	(2,305)	(2,305)
Other	(153)	(153)	(153)
Total shareholders' equity	$ 47,980	$ 93,969	$ 93,969
	$123,323	$187,781	$192,128

(1) This pro forma information assumes that the Corporation and FleetBoston had been combined on December 31, 2003, on a purchase accounting basis. For additional information, see "Unaudited Pro Forma Condensed Combined Financial Information" attached to this Offering Circular as Annex E.

(2) These obligations are direct obligations of subsidiaries of the Corporation and, as such, constitute claims against those subsidiaries prior to the Corporation's equity interest in those subsidiaries.

(3) At December 31, 2003, under the stock repurchase program authorized by the Corporation's Board of Directors on January 22, 2003, the remaining buyback authority for common stock totaled 24 million shares. On January 28, 2004, the Corporation's Board of Directors authorized a stock repurchase program for up to an additional 90 million shares of common stock at an aggregate cost of $9 billion.

(4) At December 31, 2003, the Corporation was authorized to issue 100,000,000 shares of preferred stock and had approximately 1,269,600 shares issued and outstanding. As of April 1, 2004, the number of authorized preferred shares was unchanged, and the approximate number of issued and outstanding shares was 2,369,600.

(5) At December 31, 2003, the Corporation was authorized to issue 5,000,000,000 shares of common stock and had approximately 1,441,144,000 shares issued and outstanding. As of April 1, 2004, the number of authorized common shares had been increased to 7,500,000,000, and the approximate number of issued and outstanding shares was 2,031,964,786.

As of December 31, 2003, the Corporation had $2.6 billion of commercial paper and other short-term notes payable outstanding, and FleetBoston had $759 million of commercial paper and other short-term notes payable outstanding.

BANK OF AMERICA CORPORATION

RATIOS OF EARNINGS TO FIXED CHARGES

The following are the consolidated ratios of earnings to fixed charges for (1) the Corporation for each of the years in the five-year period ended December 31, 2003; and (2) the Corporation and FleetBoston prepared using unaudited pro forma condensed combined financial information of the Corporation and FleetBoston as of December 31, 2003.

	Year Ended December 31,					Unaudited Pro Forma Bank of America/FleetBoston Combined — Year Ended December 31, 2003 (1)
	2003	2002	2001	2000	1999	
Ratio of Earnings to Fixed Charges						
Excluding interest on deposits	3.8	3.1	2.1	1.8	2.2	3.9
Including interest on deposits	2.5	2.1	1.6	1.5	1.6	2.5

(1) This pro forma information assumes that Bank of America and Fleet Boston had been combined on January 1, 2003, on a purchase accounting basis. For additional information, see "Unaudited Pro Forma Condensed Combined Financial Information" attached to this Offering Circular as Annex E.

BANK OF AMERICA, N.A.

General

The Bank is a national banking association organized under the laws of the United States and its principal executive offices are located in Charlotte, North Carolina. The Bank is a wholly-owned subsidiary of the Corporation and is engaged in a general commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail, and fiduciary banking services to corporations, governments, and individuals. Unless specifically stated otherwise, information concerning the Bank contained in this Offering Circular describes Bank of America, N.A. only and does not include information about Fleet National Bank or any other banking subsidiaries of the Corporation.

The Bank is subject to regulation, supervision and examination by the Comptroller. As of December 31, 2003, the Bank had consolidated assets of $618 billion, consolidated deposits of $436 billion and shareholders' equity of $49 billion based on regulatory accounting principles.

Most of the senior officers of the Corporation, including its Chief Executive Officer and its Chief Financial Officer, hold the same positions with the Bank, and each officer of the Corporation who holds a title at the level of Executive Vice President or below also holds such title in the Bank.

Regulatory Matters

General. In addition to regulation, supervision, and examination by the Comptroller, the primary regulator of national banks, the Bank also is required to comply with certain laws and regulations administered by the FDIC, as the insurer of its deposits and, with respect to various aspects of the Bank's activities, certain laws, and regulations administered by the Federal Reserve Board. As a result, the business, financial condition, and prospects of the Bank can be affected materially not only by management decisions and general economic conditions, but also by applicable statutes and regulations and other regulatory pronouncements and policies promulgated by these and other regulatory agencies with jurisdiction over the Bank. Furthermore, these statutes, regulations, and other pronouncements and policies generally are intended to protect the Bank's depositors and the FDIC's deposit insurance fund, not to protect holders of other obligations such as Notes issued by the Bank.

The following summary of the laws and regulations affecting the Bank is qualified in its entirety by the specific language of these laws and regulations.

Conservatorship and Receivership Powers of the FDIC. FDICIA contains broad grounds for appointing a conservator or receiver of an FDIC-insured depository institution. In addition to insolvency and certain other grounds, a conservator or receiver may be appointed if such an institution becomes "critically undercapitalized" or if it is "undercapitalized" and (1) has no reasonable prospect of becoming "adequately capitalized," (2) fails to become "adequately capitalized" when required to do so under FDICIA's prompt corrective action provisions, (3) fails to submit an acceptable capital restoration plan within prescribed time limits, or (4) materially fails to implement an accepted capital restoration plan. In addition to being appointed conservator or receiver of a national bank by the Comptroller, the FDIC may appoint itself as conservator or receiver under some circumstances.

Under the "cross-guarantee" provisions of the Federal Deposit Insurance Act (the "FDIA"), a bank insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (1) the default of a commonly controlled FDIC-insured depository institution or (2) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default. The term "default" is defined to mean the appointment of a conservator or receiver for such institution, and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance. Under this statutory provision, the Bank could be liable to the FDIC in the event of a default of, or any FDIC assistance to, any other FDIC-insured depository institution controlled by the Corporation. Although the liability to the FDIC would be subordinated in right of payment to deposit liabilities, secured obligations, or any other general or senior liabilities, including liabilities under any Notes issued by the Bank, imposition of the liability to the FDIC could result in the Bank's conservatorship or receivership.

If the FDIC were appointed receiver of the Bank, holders of Notes would be unsecured creditors of the Bank entitled to share in the assets of the Bank on a *pari passu* basis with other unsecured creditors. Holders of Notes would be unlikely to have a claim for more than principal and interest accrued through the date of the FDIC's appointment as a receiver. In any event, the amount paid on claims in respect of the Notes would depend upon, among other factors, the amount of Bank assets available for the payment of unsecured claims. In addition to possible loss of principal, holders of Notes might not be able, depending upon economic conditions, to reinvest amounts received in respect of the claim at a rate of interest comparable to that paid on the Notes. Moreover, they could experience significant delay in receiving any payment in respect of their claims, with interest not being payable during the period of any such delay. In the event of the Bank's insolvency, the FDIC has the discretion to use its own assets, as opposed to the Bank's assets, to satisfy the claims of some, but not all, of the Bank's creditors. The FDIC also has the power to transfer to a new obligor any of the Bank's assets and liabilities, including the Notes, without the approval or consent of holders of Notes or any of the Bank's other creditors. In accordance with provisions of FDICIA, the FDIC is generally required to satisfy its obligations to insured depositors at the least possible cost to the appropriate deposit insurance fund.

Under FDICIA, the FDIC may not take any action that would have the effect of increasing the losses to a deposit insurance fund by protecting depositors for more than the insured portion of deposits (generally, $100,000) or creditors other than depositors (such as holders of the Bank's notes). The FDIC also is authorized by FDICIA to settle all uninsured and unsecured claims in the insolvency of an insured bank by making a final settlement payment after the declaration of insolvency. The rate of those final settlement payments would be a percentage rate determined by the FDIC reflecting an average of the FDIC's receivership recovery experience. That payment would constitute full payment and disposition of the FDIC's obligations to claimants, regardless of the assets of the insolvent institution actually available for distribution to creditors.

In addition, if any insured depository institution becomes insolvent and the FDIC is appointed its conservator or receiver, the FDIC may disaffirm or repudiate any contract or lease to which the institution is a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of the institution's affairs. If the FDIC was to contend successfully that its power to repudiate "contracts" extends to obligations such as the Notes, the effect of any such repudiation would be to accelerate the maturity of the Notes. Repudiation would result in a claim of the holders of the Notes against the receivership for principal and interest accrued through the date of the appointment of the conservator or receiver. The amount paid upon this claim would depend upon, among other factors, the amount of receivership assets available for the payment of unsecured claims and the priority of this claim relative to the priority of other unsecured creditors and depositors. If the maturity of the Notes were so accelerated, and a claim relating to the Notes were paid by the conservatorship or receivership, the holders of the Notes might not be able, depending upon economic conditions, to reinvest any amounts paid on the Notes at a rate of interest comparable to that paid on the Notes. In addition, the FDIC as conservator or receiver may enforce most types of contracts, including the Notes, pursuant to their terms, notwithstanding any provision permitting the holders of the Notes to accelerate payment.

Federal law provides that the claims of a receiver of an insured depository institution for administrative expenses and the claims of holders of deposit liabilities of the institution, including the FDIC as subrogee of holders of insured deposits, will have priority over the claims of general unsecured creditors of the institution, including the holders of obligations such as the Notes, in the event of a liquidation or other resolution of such institution. Under the FDIC rules, "administrative expenses" of a receiver include expenses, including pre-failure and post-failure obligations, incurred by a receiver in liquidating or resolving the affairs of a failed insured depository institution. Thus, those claims would receive priority over the claims of holders of Notes in the event of the Bank's liquidation or other resolution.

As a result of the provisions described above, in the event of an FDIC receivership of the Bank, holders of Notes issued by the Bank could receive significantly less than holders of deposit obligations or certain employee claims and other general creditors of the Bank.

Risk-Based Capital and Leverage Standards. The Bank is subject to the Comptroller's minimum risk-based capital and leverage ratio guidelines. The guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in risk profiles among banking organizations. Risk-based capital ratios are determined by allocating assets and the credit equivalent amounts of specified off-balance sheet exposures among the four risk-weighted categories, with higher levels of capital being required for categories perceived as representing greater risk. (See "Regulatory Matters — Capital and Operational Requirements").

Under the risk-based capital guidelines described above, a bank's capital is typically divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital includes common stockholders' equity (excluding net unrealized gains (losses) on available-for-sale debt securities, net unrealized gains on marketable equity securities, and net unrealized gains (losses) on derivatives), noncumulative perpetual preferred stock (excluding auction rate issues), and minority interests in equity amounts of consolidated subsidiaries, less goodwill, certain other identifiable intangibles, and certain disallowed deferred taxes. Tier 2 capital includes, among other items, cumulative perpetual preferred stock, long-term preferred stock, hybrid capital instruments, qualifying subordinated debt and intermediate-term preferred stock (subject to limitations), and the allowance for credit losses up to 1.25% of risk-weighted assets. The Bank is required to maintain a minimum ratio of total capital to risk-weighted assets of 10%, and a minimum ratio of Tier 1 capital to risk-weighted assets of 6%. The Comptroller may, however, set higher capital requirements when a bank's particular circumstances warrant. The leverage ratio is calculated by dividing Tier 1 capital by adjusted total assets, as defined in the Comptroller's guidelines. The Comptroller requires a minimum leverage ratio of 5% for national banks meeting specified criteria, including receipt of the highest regulatory rating. National banks not meeting these criteria are expected to maintain a ratio which exceeds the 5% minimum by at least 100 to 200 basis points. As of December 31, 2003, the Bank's Tier 1 and total risk-based capital ratios were 8.73% and 11.31%, respectively. The Bank's leverage ratio at December 31, 2003 was 6.88%.

Banks with significant market risk exposure are required to incorporate a measure for market risk into the calculation of risk-based capital ratios. Institutions are considered to have significant market risk exposure if trading activity is greater than 10% of total assets or $1 billion. Trading activity is defined as the aggregate sum of trading assets and liabilities.

The capital charge for market risk consists of two components: general market risk and specific risk. General market risk attempts to capture potential decreases in the market value of certain instruments resulting from broad market movements, such as changes in the general level of interest rates, equity prices, foreign exchange rates or commodity prices. Banks are allowed to use their internal value-at-risk ("VaR") models to calculate the capital requirement for general market risk. Banks also are required to conduct "backtesting" to measure the accuracy of their internal VaR models and may be required to adjust their capital requirements based upon the result of this backtesting.

Specific risk attempts to capture the credit risk of individual issuers and other issuer-specific factors affecting the market value of debt and equity positions in trading assets. The specific risk capital charge for debt positions ranges from 0% to 8%, depending upon the issuer and the remaining maturity of the underlying security. The specific risk capital charge for equity positions generally ranges from 2% to 8%, depending upon the underlying equity position and the diversification of the institution's portfolio. Banks currently are allowed to use their VaR models to calculate the specific risk component of their market risk-based capital charge.

Banking regulations mandate that regulators take into consideration concentrations of credit risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. This evaluation is made as part of the institution's regular safety and soundness examination. Banking regulations also require regulators to consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off balance sheet position) in the determination of a bank's capital adequacy. An agency policy statement identifies the key elements of sound interest rate risk management and suggests prudent practices that banks should adopt for each of these elements.

Failure to comply with the Comptroller's risk-based capital or minimum leverage ratio guidelines could subject a national bank to a variety of regulatory enforcement actions, including prompt corrective action under the FDICIA and, in the most severe cases, appointment of a conservator or receiver.

Prompt Corrective Action under FDICIA. The FDICIA significantly expanded the regulatory and enforcement powers of federal banking regulators, including the Comptroller. Among other things, FDICIA provides the federal bank regulatory agencies with broad powers to take "prompt corrective action" with respect to FDIC-insured banks that do not meet certain minimum capital requirements. The extent of these powers depends upon whether the institutions in question are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized" (for minimum requirements for each category see "Regulatory Matters — Capital and Operational Requirements"). Under regulations adopted by the Comptroller, a national bank is considered "well capitalized" if it has (1) a total risk-based capital ratio of 10% or greater, (2) a Tier 1 risk-based capital ratio of 6% or greater, (3) a leverage ratio of 5% or greater, and (4) is not subject to any regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure. An "adequately capitalized" national bank is one that has (1) a total risk-based capital ratio of 8% or greater, (2) a Tier 1 risk-based capital ratio of 4% or greater, (3) a leverage ratio of 4% (generally) or greater, and (4) does not meet the definition of a "well capitalized institution." A national bank is considered "undercapitalized" if it has (1) a total risk-based capital ratio of less than 8%, (2) a Tier 1 risk-based capital ratio of less than 4%, or (3) a leverage ratio of less than 4% (generally). A national bank is "significantly undercapitalized" if it has (1) a total risk-based capital ratio of less than 6%, (2) a Tier 1 risk-based capital ratio of less than 3%, or (3) a leverage ratio of less than 3%. A national bank is "critically undercapitalized" if it has a ratio of tangible equity, as defined in the Comptroller's regulations, to total assets of 2% or less.

The Comptroller's regulations establish various degrees of prompt corrective action required or permitted to be taken in respect of undercapitalized, significantly undercapitalized, or critically undercapitalized national banks. Depending on the level of capital, the agency's corrective powers can include:

- requiring a capital restoration plan;
- placing limits on asset growth and restrictions on activities;
- requiring the institution to issue additional stock (including voting stock) or to be acquired;
- placing restrictions on transactions with affiliates;
- restricting the interest rate the institution may pay on deposits;
- ordering a new election for the institution's board of directors;
- requiring that certain senior executive officers or directors be dismissed;
- prohibiting the institution from accepting deposits from correspondent banks;
- requiring the institution to divest certain subsidiaries;
- prohibiting the payment of principal or interest on subordinated debt;
- prohibiting the holding company from making capital distributions without prior regulatory approval; and
- ultimately, appointing a receiver for the institution.

If the bank is undercapitalized, the holding company is required to guarantee that the institution will comply with any capital restoration plan submitted to and approved by the Comptroller in an amount equal to the lesser of (1) 5% of the institution's total assets at the time the institution became undercapitalized or (2) the amount which is necessary, or would have been necessary, to bring the institution into compliance with all applicable capital standards as of the time the institution fails to comply with the capital restoration plan.

With respect to the capital ratios discussed above, the Bank satisfied the requirements of the definition of a "well capitalized" institution as of December 31, 2003. Similarly, under the guidelines applicable to financial holding companies, the Corporation satisfied the requirements of the definition of a "well-capitalized" institution as of December 31, 2003.

Regulatory Guidance. As part of annual revisions to the requirements relating to Call Reports, the Federal Financial Institutions Examination Council has adopted generally accepted accounting principles ("GAAP") as the reporting basis for Call Reports, effective with the March 31, 1997 filing date. However, the regulatory agencies will continue, where necessary, to issue specific reporting guidance that falls within the range of acceptable practice under, but may differ from, GAAP.

Regulation of Financial Derivatives Activities. Comptroller Banking Circular 277 ("Circular 277") provides guidance on appropriate risk management practices to those national banks that, like the Bank, engage in financial derivatives activities. Financial derivatives are broadly defined in Circular 277 as financial instruments that derive their value from the performance of assets, interest or currency exchange rates, or indices. They include structured debt obligations as well as deposits, swaps, futures, options, caps, floors, collars, forwards and various combinations of these instruments. The Bank's financial derivatives activities currently consist primarily of interest rate swaps. Under the terms of Circular 277, national banks engaging in such activities are expected, among other things, to maintain appropriate senior management and board oversight over these activities, and to adopt appropriate practices and procedures to manage the credit, market, liquidity, operations, and systems risks associated with such activities. The Bank believes that its financial derivatives activities conform to these guidelines.

BANK OF AMERICA, N.A.

BALANCE SHEETS
(Unaudited)
(Amounts in millions)

The following balance sheets are derived from the unaudited financial information contained in the Bank's Call Reports for the three years ended December 31, 2003.

	Year Ended December 31,		
	2003	2002	2001
Assets:			
Cash and due from depository institutions:			
Noninterest-bearing and currency and coin	$ 26,993	$ 24,692	$ 27,019
Interest-bearing	5,065	3,632	3,176
Securities:			
Held for investment, at cost	229	1,014	1,036
Available for sale, at market	67,207	67,729	82,259
Federal funds sold	7,486	5,604	19,262
Securities purchased under agreements to resell	29,765	13,287	—
Loans and leases, net of unearned income	351,230	332,665	314,167
Allowance for credit losses	(4,629)	(5,609)	(5,936)
Assets held in trading accounts	72,307	66,439	45,149
Premises and fixed assets (including capitalized leases)	5,383	6,028	6,155
Other real estate owned	147	286	430
Investments in unconsolidated subsidiaries and associated companies	396	470	563
Customers' liability on acceptances outstanding	1,941	1,195	1,253
Intangible assets	10,931	10,729	10,359
Other assets	43,511	37,221	46,799
Total assets	$617,962	$565,382	$551,691
Liabilities:			
Deposits	$435,639	$399,654	$391,543
Federal Funds purchased	2,965	5,941	—
Securities sold under agreements to repurchase	29,964	23,627	23,056
Demand notes issued to U.S. Treasury	99	64	2,499
Trading liabilities and other borrowed money	66,892	58,955	44,064
Bank's liability on acceptances outstanding	1,941	1,195	1,253
Subordinated notes and debentures	7,528	7,628	9,630
Other liabilities	23,819	17,105	27,022
Total liabilities	568,847	514,169	499,067
Equity Capital:			
Common stock	2,834	2,834	2,835
Surplus	33,621	33,044	32,675
Undivided profits	14,978	13,942	16,626
Net unrealized holding gains on available for sale securities	(2,140)	1,560	653
Cumulative foreign currency translation adjustment and other	(160)	(167)	(165)
Other equity capital components	(18)	—	—
Total equity capital	49,115	51,213	52,624
Total liabilities and equity capital	$617,962	$565,382	$551,691

BANK OF AMERICA, N.A.

INCOME STATEMENTS
(Unaudited)
(Amounts in millions)

The following income statements are derived from the unaudited financial information contained in the Bank's Call Reports for the three years ended December 31, 2003.

	Year Ended December 31,		
	2003	2002	2001
Income from earning assets	$24,265	$26,135	$32,503
Interest expense	6,796	8,114	14,051
Net interest income	17,469	18,021	18,452
Provision for credit losses	828	2,317	3,035
Net interest income after provision	16,641	15,704	15,417
Gains on sales of securities	1,223	693	516
Noninterest income	13,380	12,267	11,700
Noninterest expense	17,595	16,210	17,794
Income before taxes	13,650	12,454	9,839
Income tax expense	4,504	4,238	3,175
Extraordinary items	—	—	—
Net income	$ 9,145	$ 8,216	$ 6,664

BANK OF AMERICA, N.A.

SELECTED FINANCIAL DATA

(Unaudited)

(Amounts in millions, except ratios and percentages)

The following selected financial data for the Bank for the three years ended December 31, 2003 are derived from the unaudited financial statements contained in the Bank's Call Reports for the three years ended December 31, 2003.

	Year Ended December 31,		
	2003	2002	2001
Asset Quality:			
Nonperforming loans (period-end) (1)	$ 3,050	$ 5,098	$ 5,591
Other real estate owned ("OREO") (period-end)	147	286	430
Nonperforming assets (period-end) (1)	3,197	5,384	6,021
Nonperforming assets as a percentage of total assets (period-end)	0.52%	0.95%	1.09%
Nonperforming assets as a percentage of loans and leases plus OREO and other nonperforming assets (period-end)	0.91%	1.62%	1.91%
Allowance for loan and lease losses (period-end)	4,629	5,609	5,936
Net loan charge-offs for the period	1,528	2,575	3,495
Allowance for loan and lease losses as a percentage of loans and leases (period-end)	1.32%	1.69%	1.89%
Allowance for loan and lease losses as a percentage of nonperforming loans (period-end)	151.77%	110.02%	106.17%
Net loan charge-offs for the period as a percentage of average loans and leases	0.47%	0.84%	1.11%
Capital ratios (period-end):			
Risk-based capital			
Tier 1	8.73	8.61	9.25
Total	11.31	11.40	12.55
Leverage ratio	6.88	7.02	7.59

(1) Excludes accruing loans past due 90 days or more.

BANK OF AMERICA, N.A.

CAPITALIZATION
(Unaudited)
(Amounts in millions)

The following table sets forth the actual capitalization of the Bank at December 31, 2003, and as adjusted for the issuance and the maturity of certain of the Bank's and its subsidiaries' notes from January 1, 2004 through April 15, 2004. Since December 31, 2003, except as disclosed in the table below, there has been no material change in the financial position of the Bank.

	Actual	As Adjusted
Long-term debt:		
Senior debt	$ 3,097	$ 5,536
Subordinated debt	7,528	7,528
Total long-term debt	$10,625	$13,064
Equity capital:		
Common stock, $20.00 par value; authorized — 250,000,000 shares; issued and outstanding — 141,709,275 shares	2,834	2,834
Surplus	33,621	33,621
Undivided profits	14,978	14,978
Net unrealized holding gains on available for sale securities	(2,140)	(2,140)
Cumulative foreign currency translation adjustment and other	(177)	(177)
Total equity capital	$49,115	$49,115
	$59,739	$62,179

FORM OF THE NOTES

Each Note will be the obligation of the relevant Issuer only and will not be an obligation of or guaranteed by the other Issuer. Each Note will be evidenced by a Temporary Global Note, a Permanent Global Note, or a Definitive Note, as the case may be, together with the attached or incorporated Terms and Conditions of the Notes and the Pricing Supplement. Unless otherwise agreed by the relevant Issuer and Dealers, each Tranche of Notes initially will be represented by one or more Temporary Global Notes in bearer form without receipts, interest coupons, or talons, which will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg. While any Note is represented by a Temporary Global Note, payments of principal, interest, or other amounts, if any, due prior to the Exchange Date will be made against presentation of the Temporary Global Note only if a tax certification has been received. The tax certification, in a form to be provided, will state that the beneficial owners of such Note are not United States persons or persons who have purchased for resale to any United States person (as required by Treasury Regulations) and must be received by Euroclear or Clearstream, Luxembourg. In turn, Euroclear or Clearstream, Luxembourg, as applicable, must give to the Issuing and Principal Paying Agent a like certificate based on the certifications either has received.

On and after the Exchange Date, interests in the Temporary Global Note will be exchangeable (free of charge to the Noteholder) upon a request either for interests in a Permanent Global Note in bearer form, without receipts, interest coupons or talons or, under limited circumstances only, for Definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Notes, to such notice period as is specified in the Pricing Supplement), in each case against certification of beneficial ownership as described in the preceding paragraph unless such certification already has been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date.

Pursuant to the Amended and Restated Agency Agreement, the Issuing and Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code ("Common Code") and International Security Identification Number ("ISIN") by Euroclear and Clearstream, Luxembourg different from the Common Code and ISIN assigned to Notes of any other Tranche of the same Series for at least 40 days after the completion of the distribution of the Notes of such Tranche, as notified by the Issuing and Principal Paying Agent to the relevant Dealers. Until exchanged in full, the holder of an interest in any Global Note (which term includes both Temporary Global Notes and Permanent Global Notes) shall be entitled to all of the same benefits as the holder of Notes, receipts, interest coupons and talons, except as set out in the applicable terms and conditions.

Unless otherwise stated in the applicable Pricing Supplement, payments of principal, interest, or other amounts, if any, on a Permanent Global Note will be made through Euroclear and Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note, without any requirement for certification. A Permanent Global Note will be exchangeable (free of charge to the Noteholder), in whole but not in part, under limited circumstances only, as described under "Terms and Conditions of the Notes" for Definitive Notes with, where applicable, receipts, interest coupons, and talons attached, upon not less than 60 calendar days' written notice to the Issuing and Principal Paying Agent. Global Notes and Definitive Notes, which will be issued in bearer form only, will be issued pursuant to the Amended and Restated Agency Agreement.

An Issuer, subject to applicable laws and regulations, may agree to issue Registered Notes to non-United States persons. With respect to any Tranche of Registered Notes, the relevant Issuer, pursuant to a transfer, paying agency, and registry agreement, will appoint a transfer agent, paying agent, and registrar, all as more fully described in the applicable Pricing Supplement.

Any reference herein to Euroclear and Clearstream, Luxembourg, whenever the context so permits, shall be deemed to include a reference to any additional or alternative clearance system approved by the relevant Issuer and the Issuing and Principal Paying Agent.

The following legend will appear on all Global Notes, Definitive Notes, receipts, and coupons and in the books and records of Euroclear and Clearstream, Luxembourg and any common depository holding the Global Notes on behalf of Euroclear and Clearstream, Luxembourg:

> *"Any United States person, as defined in the United States Internal Revenue Code of 1986, as amended (the "Code"), who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code."*

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts, or coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, or payment of principal in respect of Notes, receipts, or coupons.

The following legend will appear on all Global Notes, Definitive Notes, receipts, and coupons that have a maturity (at issue) of 183 days or less:

> *"By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in Section 6049(b)(4) of the United States Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Code and the regulations thereunder)."*

This legend essentially certifies that the holder is not subject to United States information reporting requirements.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes (also, the "Terms and Conditions" and each, a "Condition") to be issued by the Issuers. The Terms and Conditions are incorporated by reference into each Global Note and will be attached to or endorsed upon each Definitive Note, if any are issued. The applicable Pricing Supplement in relation to any Notes contains additional terms and conditions which will complete the Notes and is deemed to be incorporated by reference into such Notes.

This Note is one of a series of Notes issued by Bank of America Corporation (the "Corporation") or by Bank of America, N.A. (the "Bank"; the Corporation and the Bank are each, an "Issuer" and together, the "Issuers"), pursuant to the Amended and Restated Agency Agreement dated as of August 1, 2003 (the "Amended and Restated Agency Agreement"), by and among the Issuers, JPMorgan Chase Bank, London Branch, as issuing and principal paying agent (the "Agent" and "Issuing and Principal Paying Agent") which term shall include any successor agent, and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the "Paying Agents" (which term shall include any additional or successor paying agents)). References herein to the "Notes" shall be references to Notes of this Series and shall mean (1) in relation to any Notes represented by a Global Note (as defined herein), units of the lowest denomination of such Notes (the "Specified Denomination") payable in one or more currencies (each, a "Specified Currency"), (2) Definitive Notes (as defined herein), if any, issued in exchange for a Global Note, and (3) any Global Note. The Notes, the Receipts (as defined herein), and the Coupons (as defined herein) have the benefit of the Amended and Restated Agency Agreement. Each Note will be the obligation of the relevant Issuer only and will not be an obligation of, or guaranteed by, the other Issuer.

Unless otherwise agreed by the relevant Issuer and the relevant Dealers (each, a "Dealer" and together, the "Dealers"), and specified in the applicable Pricing Supplement, initially each tranche of Notes ("Tranche of Notes") will be represented by a temporary global note in bearer form (the "Temporary Global Note") without interest coupons, substantially in the form of Schedule 1 to the Amended and Restated Agency Agreement. The Temporary Global Note will be exchangeable, as provided in the Amended and Restated Agency Agreement, for beneficial interests in a permanent global note in bearer form (the "Permanent Global Note"), substantially in the form of Schedule 2 to the Amended and Restated Agency Agreement. The Temporary Global Note and the Permanent Global Note are together referred to as the "Global Notes" and each of them is a "Global Note." Interests in a Global Note may be exchanged, free of charge to Noteholders, for definitive notes ("Definitive Notes") with interest coupons attached (the "Coupons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement, and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement attached on issue only under certain limited circumstances described below. Any reference herein to Coupons or coupons, unless the context otherwise requires, shall be deemed to include a reference to Talons or talons. Definitive Notes repayable in installments have receipts ("Receipts") for the payment of the installments of principal (other than the final installment) attached on issue. Any reference herein to "Noteholders" shall mean the holders of the Notes, and, in relation to any Notes represented by a Global Note, shall be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons, and, unless the context otherwise requires, shall include the holders of the Talons.

Interests in a Global Note will be exchangeable for Definitive Notes only if: (1) an Event of Default (as defined herein) occurs and is continuing, (2) the relevant Issuer is notified that either Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory, or otherwise) after the original issuance of the Notes or has announced an intention permanently to cease business or has in fact done so and no alternative clearance system approved by the Noteholders is available, or (3) the relevant Issuer, after notice to the Agent, determines to issue the Notes in definitive form.

Subject to applicable laws and regulations, an Issuer may agree to issue Notes in registered form to non-United States persons ("Registered Notes"). With respect to any Tranche of Registered Notes, the relevant Issuer will appoint, under a transfer, paying agency, and registry agreement, a transfer agent, paying agent, and registrar, all as more fully described in the applicable Pricing Supplement.

The Pricing Supplement for the Notes is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which, to the extent so specified or to the extent inconsistent with these Terms and Conditions, shall replace or modify these Terms and Conditions for purposes of the Note. References herein to the "applicable Pricing Supplement" are to the relevant Pricing Supplement attached hereto or endorsed hereon.

As used herein, "Series" means a Tranche of Notes, together with any further Tranche or Tranches of Notes, which are (1) expressly to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for the date on which such Notes will be issued (the "Issue Date"), for interest-bearing Notes, the date from which such Notes bear interest (if different from the Issue Date) (the "Interest Commencement Date"), and the price (expressed as a percentage of the principal amount of the Notes) at which such Notes will be issued (the "Issue Price"). The expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means Notes (whether in global or definitive form or both) which are identical in all respects (including as to listing).

Copies of the Amended and Restated Program Agreement, dated as of August 1, 2003 among the Issuers and the Dealers named or to be appointed thereunder (the "Program Agreement") and the Pricing Supplement applicable to such Notes are available for inspection without charge at the specified offices of each of the Issuing and Principal Paying Agent and the other Paying Agents except that a Pricing Supplement relating to an unlisted Note only will be available for inspection by a Noteholder upon proof satisfactory to the relevant Paying Agent as to ownership of the Note. Copies of all Pricing Supplements prepared for Notes listed on the Luxembourg Stock Exchange will be available without charge at the office of the Paying Agent in Luxembourg. The Noteholders, the Receiptholders, and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Amended and Restated Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Amended and Restated Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. Form, Denomination and Title

Unless otherwise agreed by the relevant Issuer and Dealers and specified in the applicable Pricing Supplement, the Notes are in bearer form. Definitive Notes, if any, are serially numbered, in the Specified Currency and the Specified Denominations as indicated in the applicable Pricing Supplement.

This Note is a Note bearing interest on a fixed rate basis (a "Fixed-Rate Note"), a Note bearing interest on a floating rate basis (a "Floating-Rate Note"), a Note issued on a non-interest bearing basis (a "Zero Coupon Note"), a Note upon which payment of principal or interest may be in one or more currencies (a "Dual Currency Note"), or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the applicable Pricing Supplement. It is also a Note issued on a partly paid basis (a "Partly Paid Note"), a Note upon which payments are based on an amortization table (the "Amortization Table") (an "Amortizing Note"), a Note which is redeemable in installments (an "Installment Note"), and a Note upon which payment of principal (an "Indexed Redemption Amount Note") or interest (an "Interest Indexed Note") is determined by reference, either directly or indirectly, to the price or performance of one or more securities, debt obligations or a basket of debt obligations, currencies or composite currencies, commodities, interest rates, stock indices or other indices or formulae, in each case as specified in the applicable Pricing Supplement (each, an "Indexed Note"). The Corporation may issue a Fixed-Rate Note or a Floating-Rate Note that is a European InterNote ("InterNote"). The appropriate provisions of these Terms and Conditions will apply accordingly.

With respect to credit-linked Indexed Notes, unless otherwise specified in the applicable Pricing Supplement, the definitions and provisions in the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and as amended, updated, or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series, are incorporated into these Terms and Conditions. A "credit-linked Indexed Note" is a Note for which principal, interest, if any, or other amounts, if any, may be based on the change in value of one or more debt obligations or basket of debt obligations, if one or more of certain events relating to the creditworthiness of the issuer or issuers (which do not include the Issuers) of such debt obligations occurs before the scheduled maturity date ("Maturity Date").

This Note is a Senior Note (as defined herein) or a Subordinated Note (as defined herein), as specified in the applicable Pricing Supplement.

Notes in definitive form, issued only in certain limited circumstances, are to be issued with Coupons attached, unless they are Zero Coupon Notes in which case references to interest (other than interest due after the Maturity Date), Coupons, and Couponholders in these Terms and Conditions are not applicable.

Subject as set forth below, title to the Notes, Receipts, and Coupons will pass by delivery. The relevant Issuer, the Replacement Agent (as defined in the Amended and Restated Agency Agreement), and any Paying Agent may deem and treat the bearer of any Note, Receipt, or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next paragraph.

So long as any of the Notes are represented by a Global Note held on behalf of Euroclear and Clearstream, Luxembourg, each person who is shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing on the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the relevant Issuer, the Issuing and Principal Paying Agent, and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes, except with respect to the payment of principal, interest, or other amounts on the Notes, the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Issuing and Principal Paying Agent, and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg as the case may be.

The relevant Issuer will issue Notes in such denominations as may be agreed upon and as indicated in the applicable Pricing Supplement. However, the minimum denomination permitted for each Note will be such as may be allowed or required by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency. Unless otherwise specified in the applicable Pricing Supplement, the Notes issued by the Bank must have a minimum denomination of $250,000 or its equivalent in other currencies.

Unless permitted by then current laws and regulations, any Notes issued by the Corporation (including Notes issued by the Corporation denominated in Sterling) for which the proceeds are to be accepted by the Corporation in the United Kingdom and which have a maturity of less than one year from their date of issue, shall (1) be issued to a limited class of professional investors, (2) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling), and (3) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or an equivalent amount in other currencies).

2. Status of the Senior Notes and the Subordinated Notes

The Notes may be issued in one or more Series as unsecured debt securities, which may be either senior notes ("Senior Notes") or subordinated notes ("Subordinated Notes"). InterNotes will be issued as the Corporation's Senior Fixed-Rate Notes or Floating-Rate Notes. The Bank will not issue InterNotes.

(a) Status of Notes Issued by the Corporation

The Notes issued by the Corporation are not deposits and are not insured by the Federal Deposit Insurance Corporation (the "FDIC").

The Corporation's Senior Notes will be unsecured and unsubordinated obligations of the Corporation and will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation. The Corporation's Subordinated Notes are unsecured and subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness (as defined below) of the Corporation.

The indebtedness evidenced by the Corporation's Subordinated Notes and any Coupons and Receipts appertaining thereto, subject to the extent set forth herein, shall be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of the Corporation. Senior Indebtedness shall continue to be Senior Indebtedness and shall be entitled to the benefits of such subordination irrespective of any amendment, modification, or waiver of any term of the Senior Indebtedness. There is no right of acceleration in the case of a default in the payment of interest on the Corporation's Subordinated Notes or in the performance of any other obligation of the Corporation under the Corporation's Subordinated Notes.

(b) Status of Notes Issued by the Bank

The Notes issued by the Bank are not deposits and are not insured by the FDIC.

The Bank's Senior Notes are unsecured and uninsured general obligations of the Bank and are not an obligation of, or guaranteed by, the Corporation or any other affiliate of the Bank. In the event of any liquidation or resolution of the Bank by any receiver, the holders of deposits (including the FDIC, as subrogee of insured depositors), and the holders of certain other claims entitled to a priority or preference will be afforded a priority in payment over the claims of the holders of the Bank's Senior Notes and the holders of other general obligations of the Bank (as well as any subordinated claims, such as the Bank's Subordinated Notes).

The Bank's Subordinated Notes are unsecured and uninsured general obligations of the Bank and are not an obligation of, or guaranteed by, the Corporation or any other affiliate of the Bank. The Bank's Subordinated Notes are subordinated to the claims of depositors and general creditors of the Bank, including claims of holders of the Bank's Senior Notes, and are ineligible as collateral for a loan by the Bank. In accordance with the applicable regulations of the Office of the Comptroller of the Currency of the United States (the "Comptroller"), payment of principal of the Bank's Subordinated Notes may be accelerated only in the case of certain events involving the appointment of a receiver or similar official for the Bank, and then only to the extent required under or pursuant to applicable capital regulations, with the prior approval of the Comptroller. There is no right of acceleration in the case of a default in the payment of interest on the Bank's Subordinated Notes or in the performance of any other obligation of the Bank under the Bank's Subordinated Notes.

The indebtedness of the Bank evidenced by the Bank's Subordinated Notes, including the principal, premium, if any, interest, or other amounts payable shall be subordinate and junior in right of payment to its obligations to its depositors, its obligations under bankers' acceptances and letters of credit, and its obligations to its other creditors (including holders of the Bank's Senior Notes), including its obligation to any Federal Reserve Bank, the FDIC, and any rights acquired by the FDIC as a result of loans made by the FDIC to the Bank or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 U.S.C. Sections 1823(c), (d), or (e), whether now outstanding or hereafter incurred. In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or any liquidation or winding up of or relating to the Bank, whether voluntary or involuntary, all such obligations shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, interest, or other amounts payable on the Bank's Subordinated Notes, together with any obligations of the Bank ranking on a parity with the Bank's Subordinated Notes, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal thereof and any unpaid premium, if any, interest, or other amounts payable before any payment or other distribution whether in cash, property, or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to the Bank's Subordinated Notes. Nothing herein shall impair the obligation of the Bank, which is absolute and unconditional, to pay the principal of, premium, if any, interest, or other amounts payable on the Bank's Subordinated Notes according to their terms.

Notwithstanding any other provisions contained in the Bank's Subordinated Notes, including specifically those set forth in the sections relating to subordination, events of default and covenants of the Bank, it is expressly understood and agreed that the Comptroller or any receiver or conservator of the Bank appointed by the Comptroller shall have the right in the performance of its legal duties, and as part of liquidation designed to protect or further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations of the Bank's Subordinated Notes to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, interest, or other amounts payable on the Bank's Subordinated Notes and the due and punctual performance of all covenants and conditions. The completion of such transfer and assumption shall serve to supercede and void any default, acceleration, or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer, or assumption, pursuant to the provisions of the Bank's Subordinated Notes, and shall serve to return the holder to the same position, other than for substitution of the obligor, it would have occupied had no default, acceleration, or subordination occurred; except that any interest or other amounts payable and principal previously due, other than by reason of acceleration, and not paid, in the absence of a contrary agreement by the holder of the Bank's Subordinated Notes, shall be deemed to be immediately due and payable as of the date of such transfer and assumption, together with the interest from its original due date at the rate provided for herein.

(c) Status of Notes Issued by Either Issuer

There is no limitation on the issuance of additional Senior Indebtedness of the Corporation or the Corporation's Subordinated Notes. Likewise, there is no limitation on the issuance of additional Senior Indebtedness of the Bank or the Bank's Subordinated Notes, or other indebtedness of, or acceptance of deposits by, the Bank.

"Senior Indebtedness" is defined as any indebtedness for money borrowed (including all indebtedness of the relevant Issuer for borrowed and purchased money of such Issuer, all obligations of such Issuer arising from off-balance sheet guarantees by such Issuer and direct credit substitutes and obligations of such Issuer associated with derivative products such as interest and foreign exchange rate contracts and commodity contracts) that is outstanding on the date of execution of the Amended and Restated Agency Agreement, or is thereafter created, incurred, or assumed, for which the relevant Issuer is at the time of determination responsible or liable as obligor, guarantor, or otherwise for payment, and all deferrals, renewals, extensions, and refundings of any such indebtedness or obligations, other than the Subordinated Notes or any other indebtedness as to which the instrument creating or evidencing the same or pursuant to which the same is outstanding, provides that such indebtedness is subordinate in right of payment to any other indebtedness of such Issuer.

Neither the Corporation nor the Bank shall make any payment on account of principal of, premium, if any, interest, or other amounts payable, if any, on its Subordinated Notes or purchase any of its Subordinated Notes, either directly or indirectly, if (1) any default or Event of Default with respect to any of its Senior Indebtedness shall have occurred and be continuing and (2) it shall have received written notice thereof from the holders of at least 10% in principal amount of any kind or category of any of its Senior Indebtedness (or the representative or representatives of such holders).

Until all Senior Indebtedness of the Corporation and the Bank is paid in full, the holders of that Issuer's Subordinated Notes will be subrogated (equally and ratably with the holders of all indebtedness of the relevant Issuer which, by its express terms, ranks on a parity with its Subordinated Notes, and is entitled to like rights of subrogation) to the rights of the holders of that Issuer's Senior Indebtedness to receive payments or distributions of its assets.

If either Issuer repays any of its Subordinated Notes before the required date or in connection with a distribution of its assets to creditors pursuant to a dissolution, winding up, liquidation, or reorganization, any principal, premium, if any, interest, or other amounts payable will be paid to the holders of that Issuer's Senior Indebtedness before any holders of its Subordinated Notes are paid. In addition, if such amounts were previously paid to the holders of that Issuer's Subordinated Notes, the holders of its Senior Indebtedness shall have first rights to such amounts previously paid.

No modification or amendment of the subordination provisions of an Issuer's Subordinated Notes and any related coupons in a manner adverse to the holders of that Issuer's Senior Indebtedness may be made without the consent of the holders of all outstanding Senior Indebtedness of that Issuer.

There are no limitations on either Issuer's ability to incur additional indebtedness.

3. Interest

(a) Interest on Fixed-Rate Notes

Unless otherwise specified in the applicable Pricing Supplement, each Fixed-Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, on the amount paid-up) at the rates per annum specified in the applicable Pricing Supplement from (and including) the Interest Commencement Date to (but excluding) the Maturity Date. Interest will be payable in arrears on the date or dates in each year specified in the applicable Pricing Supplement (each, a "Fixed Interest Payment Date") and on the Maturity Date if it does not fall on a Fixed Interest Payment Date. The first interest payment will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

If any Fixed Interest Payment Date is not a Payment Business Day (as defined in Condition 4(c)), then payment on a Fixed-Rate Note shall be paid as provided in Condition 4(c).

If a "Fixed Coupon Amount" is specified in the applicable Pricing Supplement, the amount of interest payable on each Fixed Interest Payment Date in respect of the Fixed Interest Period (as defined below) ending on (but excluding) such date will be the Fixed Coupon Amount as specified irrespective of any calculation based on the Rates of Interest (as defined in Condition 3(g)) and any applicable Fixed Day Count Fraction (if any) and if the amount of interest payable on any Fixed Interest Payment Date is specified as an amount other than the Fixed Coupon Amount, such amount will be a "Broken Amount" specified in the applicable Pricing Supplement.

As used in these Conditions, "Fixed Interest Period" means the period from, and including, a Fixed Interest Payment Date (or, if none, the Interest Commencement Date) to, but excluding, the next (or first) Fixed Interest Payment Date.

Unless otherwise specified in the applicable Pricing Supplement, if interest is required to be calculated for a period other than a Fixed Interest Period, that interest shall be calculated by applying the Rate of Interest specified in the applicable Pricing Supplement to each Specified Denomination, multiplying that sum by the applicable Fixed Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

(i) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement:

(A) for Notes where the Accrual Period is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of determination dates ("Determination Dates"), as specified in the applicable Pricing Supplement, that would occur in one calendar year assuming interest were payable in respect of the whole of that year; or

(B) for Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates, as specified in the applicable Pricing Supplement, that would occur in one calendar year assuming interest were payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest were payable in respect of the whole of that year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the relevant period from (and including) the most recent Fixed Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

"Accrual Period" means the number of days in the relevant period from (and including) the most recent Fixed Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date.

"Determination Period" means the period from (and including) a Determination Date (as specified in the applicable Pricing Supplement) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Fixed Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"Sub-unit" means, for euro, one cent, and, for any currency other than euro, the lowest amount of that currency that is available as legal tender in the country of that currency.

(b) Interest on Floating-Rate Notes

(i) *Interest Payment Dates*

Each Floating-Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, on the amount paid-up) from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement. Interest will be payable in arrears on either:

(A) the Interest Payment Dates (each, an "Interest Payment Date") in each year specified in the applicable Pricing Supplement; or

(B) if no Interest Payment Dates are specified in the applicable Pricing Supplement, each date (each, an "Interest Payment Date") which falls the number of months or other period specified in the applicable Pricing Supplement after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date.

Interest will be payable in respect of each "Interest Period" (which expression shall mean, in these Terms and Conditions, the period from (and including), an Interest Payment Date (or the Interest Commencement Date), to (but excluding) the next, or first Interest Payment Date, as the case may be.

If any Interest Payment Date (or other date) falls on a day which is not a Business Day, it will be adjusted in accordance with the business day convention specified in the applicable Pricing Supplement. If the business day convention specified is:

(1) the "Floating Rate Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day. If postponement would cause such date to fall in the next calendar month, then (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) occurred; or

(2) the "Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(3) the "Modified Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding Business Day; or

(4) the "Preceding Business Day Convention," such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

"Business Day" means a day which is both:

(A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Charlotte, North Carolina and any additional business centers specified in the applicable Pricing Supplement (each, an "Additional Business Center"); and

(B) either (1) for any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center (the "Principal Financial Center") of the country of the relevant Specified Currency (if other than London) or (2) for any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET System") or any successor thereto is operating. Unless otherwise provided in the applicable Pricing Supplement, the Principal Financial Center of any country for the purpose of these Terms and Conditions shall be as provided in the ISDA Definitions, except that the Principal Financial Center of Australia shall be Melbourne and Sydney, the Principal Financial Center of Canada shall be Toronto, and the Principal Financial Center of New Zealand shall be Wellington.

The term "ISDA Definitions" means the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) and as amended, updated, or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series.

(ii) *Rate of Interest*

The Rate of Interest payable on the Floating-Rate Notes and Interest Indexed Notes will be set forth in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating-Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the margin (the "Margin"), if any. For purposes of this sub-paragraph (A), the "ISDA Rate" for an Interest Period means a rate determined by the Issuing and Principal Paying Agent or such other person specified in the applicable Pricing Supplement that is equal to the Floating Rate under an interest rate swap transaction if the Issuing and Principal Paying Agent or such other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(1) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(2) the relevant Interest Commencement Date is the Effective Date;

(3) the Designated Maturity is a period specified in the applicable Pricing Supplement;

(4) the relevant Reset Date is either (i) the first day of that Interest Period if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or the Euro-Zone interbank offered rate ("Euribor") for a currency, or (ii) in any other case, as specified in the applicable Pricing Supplement; and

(5) all other terms are as specified in the applicable Pricing Supplement.

For purposes of this sub-paragraph (A), "Euro-Zone" shall have the meaning set forth below and "Floating Rate," "Calculation Agent," "Floating Rate Option," "Effective Date," "Designated Maturity," and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined ("Screen Rate Determination"), the Rate of Interest for each Interest Period will be, subject as provided below, either:

(1) the offered quotation (if there is only one quotation on the relevant screen page (the "Relevant Screen Page")), whatever its designation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations;

(expressed as a percentage rate per annum) for the rate (the "Reference Rate") by reference to the Rate of Interest which appears or appear, as the case may be, on the Relevant Screen Page on which the Reference Rate is for the time being displayed on the Reuter Monitor Money Rates Service or the appropriate display on Moneyline Telerate, Inc. (or such service as is specified in the applicable Pricing Supplement) at 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the dates on which the Rate of Interest is to be determined (each, an "Interest Determination Date") plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any, all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Calculation Agent for purposes of determining the arithmetic mean of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent, at its sole discretion, shall request the principal London office of each of the Reference Banks (as defined herein) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the London interbank market in the case of

LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin, if any, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Calculation Agent by any two or more of the Reference Banks, at which such banks were offered, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London interbank market in the case of LIBOR, or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any. If fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest shall be the offered quotation for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, any one or more banks informs the Calculation Agent it is quoting to leading banks in the London interbank market in the case of LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

"Reference Banks" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

"Euro-Zone" means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the EC Treaty.

If the Reference Rate from time to time for Floating-Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or Euribor, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent, at or as soon as practicable after each time at which the Rate of Interest is to be determined, will determine the Rate of Interest (subject to any specified Minimum Interest Rate (as defined herein) or Maximum Interest Rate (as defined herein)) and calculate the amount of interest (the "Interest Amount") payable on the Floating-Rate Notes or Interest Indexed Notes for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest for such Interest Period to the minimum Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction (as defined herein) and rounding the resulting figure to the nearest U.S. Cent (or its approximate equivalent in the relevant Specified Currency), with $.005 (or its approximate equivalent in the relevant Specified Currency) being rounded upwards. The Calculation Agent's determination of the Rate of Interest and calculation of each Interest Amount shall be conclusive and binding on all parties in the absence of manifest error.

"Floating Day Count Fraction" shall have the meaning ascribed to "Day Count Fraction" in the ISDA Definitions or as agreed upon between the relevant Issuer and Dealers in the applicable Pricing Supplement; provided, however, if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the Floating Day Count Fraction shall be the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(iv) *Notification of Rate of Interest and Interest Amount*

The Calculation Agent will notify the relevant Issuer and any stock exchange on which the Floating-Rate Notes or Interest Indexed Notes are listed of the Rate of Interest and each Interest Amount for each Interest Period, the relevant Interest Payment Date and any other item determined or calculated by it in accordance with the applicable Pricing Supplement. The Calculation Agent also shall publish such notice in accordance with Condition 13 as soon as possible after any determination, but in no event later than the fourth London Business Day thereafter. In connection with any Floating-Rate Notes or Indexed Notes listed on the Luxembourg Stock Exchange, the Calculation Agent will notify the exchange of the Rate of Interest, the Interest Period, and each Interest Amount no later than the first day of the commencement of each new Interest Period. Both the Interest Amount and Interest Payment Dates subsequently may be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period in accordance with the provisions hereof. Each stock exchange on which the Floating-Rate Notes or Indexed Notes are listed will be notified promptly of any amendment in accordance with Condition 13. For purposes of this sub-paragraph (iv), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.

(v) *Certificates to Be Final*

All certificates, communications, opinions, determinations, calculations, quotations, and decisions given, expressed, made, or obtained for the purposes of the provisions of this paragraph (b), by the Calculation Agent shall (in the absence of willful default, bad faith, or manifest error) be binding on the relevant Issuer, the Calculation Agent, the other Paying Agents, and all Noteholders, Receiptholders, and Couponholders and (in the absence of the aforesaid) the Calculation Agent shall not be liable to the relevant Issuer, the Noteholders, the Receiptholders, or the Couponholders in connection with the exercise by it of its powers, duties, and discretions pursuant to such provisions.

(c) Indexed Notes and Dual Currency Notes

For Indexed Notes or Dual Currency Notes, for which the rate or amount of interest or other amounts is to be determined by reference to the price or performance, either directly or indirectly, of one or more securities, currencies or composite currencies, commodities, interest rates, stock indices, or other indices or formulae, or an exchange rate, the rate or amount of interest, or other amounts payable shall be determined in the manner specified in the applicable Pricing Supplement and payment shall be made in accordance with Condition 4.

(d) Zero Coupon Notes

If a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortized Face Amount (as defined in Condition 5(g)) of such Note as determined in accordance with Condition 5(g)(iii). From the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the accrual yield, if any, in respect of such Notes (the "Accrual Yield") (expressed as a percentage per annum) set forth in the applicable Pricing Supplement.

(e) Partly Paid Notes

For Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up principal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) Accrual of Interest

Each Note (or in the case of the redemption of only part of a Note, only that part of such Note) will cease to bear interest, if any, from the date for its redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, judgment) until the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; or

(ii) five days after the date on which the Issuing and Principal Paying Agent has received the full amount of the monies payable and notice to that effect has been given in accordance with Condition 13 or individually.

(g) Rate of Interest

As used in these Conditions, "Rate of Interest" means the rate, or each rate, of interest in respect of each interest bearing Note determined in accordance with the applicable provisions of this Condition 3 or as specified in the applicable Pricing Supplement.

(h) Limitations on Interest

The applicable Pricing Supplement may specify a minimum rate at which the Notes bear interest (a "Minimum Interest Rate"). If the Rate of Interest determined in accordance with the provisions of this Condition 3 is less than the specified Minimum Interest Rate, the Rate of Interest shall be such Minimum Interest Rate. Subject to the provisions of the next paragraph, the applicable Pricing Supplement may specify a Maximum Interest Rate. If the Rate of Interest determined in accordance with the provisions of this Condition 3 is greater than the maximum rate at which the Notes bear interest (the "Maximum Interest Rate"), the Rate of Interest shall be such Maximum Interest Rate.

In addition to any Maximum Interest Rate which may be applicable to any Note pursuant to the above provision, the interest rate on such Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis, with certain exceptions. The limit may not apply to Floating-Rate Notes in which $2,500,000 or more has been invested.

4. Payments

(a) Method of Payment

Subject as provided below:

(i) payments in a Specified Currency (other than euro) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a check in such Specified Currency drawn on, a bank in the Principal Financial Center of the country of such Specified Currency; *provided, however,* that a check may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in, the United States or any of its possessions by any office or agency of an Issuer, the Issuing and Principal Paying Agent, or any Paying Agent; and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; provided, however, that a credit or transfer may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in the United States or any of its possessions by any office or agency of an Issuer, the Issuing and Principal Paying Agent, or any Paying Agent.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of Notes, Receipts and Coupons

Except as provided below, payments of principal, if any, in respect of Definitive Notes will be made as provided in paragraph (a) above only against surrender of such Definitive Notes, and payments of interest in respect of Definitive Notes will be made only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made by check, at the option of the bearer of such Note or Coupon, shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, any payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States.

Payments of installments of principal, if any, in respect of Definitive Notes, other than the final installment, will (subject as provided below) be made as provided for in paragraph (a) above against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant installment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of an Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts, if any, relating thereto (whether or not attached), shall become void and no payment shall be made in respect thereof. Payment of the final installment will be made as provided in paragraph (a) above against surrender of the relevant Definitive Notes.

Fixed-Rate Notes in definitive form (other than Dual Currency Notes or Indexed Redemption Amount Notes) should be presented for payment together with all related unmatured Coupons (which expression shall for this purpose include Coupons to be issued upon exchange of matured Talons). Failure to present the above will result in the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) being deducted from the sum due for payment. Each amount of principal so deducted will be paid as described above against surrender of the relative missing Coupon at any time before the expiration of five years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed-Rate Note becoming due and payable prior to its Maturity Date, all relevant unmatured Talons, if any, will become void and no further Coupons will be issued in respect of that Fixed-Rate Note.

Upon the date on which any Floating-Rate Note, Dual Currency Note, or Indexed Note in definitive form becomes due and payable, any related unmatured Coupons (whether or not attached), shall become void and no payment or, as the case may be, exchange for further Coupons, shall be made in respect of those Notes.

If the due date for redemption of any Definitive Note is not a Fixed Interest Payment Date or an Interest Payment Date, interest, if any, accrued in respect of such Note, from (and including) the preceding Fixed Interest Payment Date or Interest Payment Date or, as the case may be, the Interest Commencement Date, shall be payable only against surrender of the relevant Definitive Note.

Except as provided below, payments of principal, interest or other amounts payable, if any, in respect of Notes represented by a Global Note, will be made as specified above for Definitive Notes and otherwise as specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States and its possessions. The Paying Agent will record on each Global Note each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal, interest, or other amounts payable, and such record shall be prima facie evidence that the payment has been made.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer will be discharged by payment to, or to the order of, the holder of such Global Note for each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against such Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing, U.S. Dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States or its possessions if:

(i) the relevant Issuer has appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of principal, interest, or other amounts payable on the Notes in the manner provided above when due in U.S. Dollars at such specified offices;

(ii) payment of the full amount of such principal, interest, or other amounts payable at all such specified offices outside the United States and its possessions is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer, adverse tax consequences for such Issuer.

(c) Payment Business Day

If the due date for payment of any amount in respect of any Note, Receipt, or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment of the amount due until the next following Payment Business Day. The holder shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Pricing Supplement, "Payment Business Day" means any day (other than a Saturday or Sunday) which is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchanges and foreign currency deposits) in the relevant place of presentation (and in the case of payment in euro in the place where the euro account specified by the payee is located) or any additional financial center ("Additional Financial Center") specified in the applicable Pricing Supplement; and

(ii) a Business Day (as defined in Condition 3(b)(i)).

This Condition 4(c) is applicable, if at all, to Floating-Rate Notes only after the applicable business day convention, as specified in Condition 3(b)(i) has been used to determine the relevant Interest Payment Date.

(d) Interpretation of Principal

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any Additional Amounts (as defined in Condition 7) which may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount (as defined in Condition 5(a)) of the Notes;

(iii) the redemption amount (the "Early Redemption Amount") of the Notes payable on redemption for taxation reasons or following an Event of Default and the method, if any, of calculating the same if required to be specified by, or if different from that set out in, Condition 5(g);

(iv) each redemption amount (the "Optional Redemption Amount"), if any, of the Notes;

(v) for Installment Notes, the amount (expressed as a percentage of the principal amount of each Note) of such installment (each, an "Installment Amount");

(vi) for Amortizing Notes, the amount of unpaid principal;

(vii) for Zero Coupon Notes, the Amortized Face Amount;

(viii) for Indexed Notes, the current indexed redemption amount; and

(ix) any premium and any other amounts which may be payable by the relevant Issuer under or for the Notes.

Any reference in these Terms and Conditions to interest on the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable in connection with interest under Condition 7.

(e) Imposition of Exchange Controls

If the relevant Issuer, after consulting with the Agent, reasonably determines that a payment on the Notes, Receipts, or Coupons cannot be made in the Specified Currency due to restrictions imposed by the government of such currency or any agency or instrumentality thereof or any monetary authority in such country (other than as contemplated in the preceding paragraph (a)), such payment will be made outside the United States in U.S. dollars by a check drawn on or by credit or transfer to an account maintained by the holder with a bank located outside the United States. The Agent, on receipt of the relevant Issuer's written instruction and at the expense of that relevant Issuer, shall give prompt notice to the holders of the Notes if such determination is made. The amount of U.S. Dollars to be paid in connection with any payment shall be the amount of U.S. Dollars that could be purchased by the Agent with the amount of the relevant currency payable on the date the payment is due, at the rate for sale in financial transactions of U.S. Dollars (for delivery in the Principal Financial Center of the Specified Currency two business days later) quoted by that bank at 10:00 a.m. local time in the Principal Financial Center of the relevant currency, on the second business day prior to the date the payment is due.

5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and canceled as specified below, each Note will be redeemed by the relevant Issuer at an amount specified in, or determined in the manner specified in (the "Final Redemption Amount"), the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), on giving not less than 30 nor more than 60 calendar days' notice (which notice shall be irrevocable) to the Issuing and Principal Paying Agent and to the Noteholders, in accordance with Condition 13, if:

(i) on the occasion of the next payment due under the Notes, the relevant Issuer has or will become obligated to pay Additional Amounts as discussed in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the relevant Issuer taking reasonable measures available to it;

provided that, no such redemption notice shall be given earlier than 90 calendar days prior to the earliest date on which the relevant Issuer would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication of any redemption notice pursuant to this Condition, the relevant Issuer shall deliver a certificate to the Issuing and Principal Paying Agent signed by the Chief Financial Officer or a Senior Vice President of such Issuer stating that such Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent, if any, to the redemption have occurred.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the redemption date.

(c) Special Tax Redemption

If an Issuer determines that any payment made outside the United States by such Issuer or any of its Paying Agents in respect of any Note or Coupon, under any present or future laws or regulations of the United States, would be subject to any certification, documentation, information, or other reporting requirement of any kind the effect of which is the disclosure to such Issuer, any Paying Agent, or any governmental authority of the nationality, residence, or identity of a beneficial owner of such Note or Coupon who is a United States Alien (as defined herein) (other than a requirement (1) that would not be applicable to a payment by such Issuer or any one of its Paying Agents (x) directly to the beneficial owner, or (y) to a custodian, nominee, or other agent of the beneficial owner, (2) that can be satisfied by such custodian, nominee, or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in Clauses (1)(y) or (2), payment by the custodian, nominee, or agent to the beneficial owner is not otherwise subject to any such requirement, or (3) that would not be applicable to a payment by at least one Paying Agent of such Issuer), the relevant Issuer shall at its option either:

(i) redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), at a price equal to the Early Redemption Amount, together if appropriate with interest accrued to (but excluding) the date of redemption, or

(ii) if the conditions of the next succeeding paragraph are satisfied, pay the Additional Amounts specified in such paragraph.

The relevant Issuer shall make its determination as soon as practicable and publish prompt notice thereof (the "Determination Notice") stating the effective date of its certification, documentation, information, or other reporting requirement, whether the relevant Issuer will redeem the Notes or pay the Additional Amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption of the Notes must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph (c), that redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the relevant Issuer shall elect by notice to the Issuing and Principal Paying Agent at least 45 calendar days before the redemption date. Notice of such redemption of the Notes will be given to the Noteholders not more than 60 nor less than 30 calendar days prior to the redemption date by publication in accordance with Condition 13. Notwithstanding the foregoing, the relevant Issuer shall not redeem the Notes if that Issuer shall subsequently determine not less than 30 calendar days prior to the redemption date, that subsequent payments on the Notes and Coupons would not be subject to any such certification, documentation, information, or other reporting requirement, in which case the relevant Issuer shall give prompt notice of its subsequent determination by publication in accordance with Condition 13 and any earlier redemption notice shall be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, documentation, information, or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the relevant Issuer may elect to pay as additional interest such Additional Amounts as may be necessary so that every net payment made outside the United States following the effective date of that requirement by the relevant Issuer or any of its Paying Agents in respect of any Note or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence, or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the relevant Issuer, any Paying Agent, or any governmental authority), after deduction or withholding for or on account of that backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (1) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph or (2) is imposed as a result of the presentation of the Note or Coupon for payment more than 15 calendar days after the date on which that payment became due and payable or on which payment thereof was duly provided for, whichever occurred later), will not be less than the amount provided for in the Note or Coupon to be then due and payable. If the relevant Issuer elects to pay Additional Amounts pursuant to this paragraph, that Issuer shall have the right to redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), subject to the provisions of the last two sentences of the immediately preceding paragraph. If the relevant Issuer elects to pay Additional Amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then that Issuer shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

For purposes of this paragraph (c), the terms "Additional Amounts" and "United States Alien" have the meanings given in Condition 7.

(d) Call Option-Redemption at the Option of the Issuer

If the applicable Pricing Supplement specifies that the relevant Issuer has an option to redeem the Notes, and that Issuer gives:

(1) not less than 30 nor more than 60 calendar days' notice in accordance with Condition 13 to the Noteholders (or such other period as is specified in the applicable Pricing Supplement); and

(2) not less than seven London Business Days (or such other period as is specified in the applicable Pricing Supplement) before giving notice as referred to in (1), notice to the Issuing and Principal Paying Agent;

(both of which notices shall be irrevocable), that Issuer may redeem all or only some of the Notes then outstanding on the dates upon which redemption may occur (each, an "Optional Redemption Date") and at the Optional Redemption Amounts specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Dates. Any redemption must be of a principal amount equal to the minimum principal amount of the Notes permitted to be redeemed at any time (the "Minimum Redemption Amount") or any greater principal amount of the Notes permitted to be redeemed at any time (each, a "Higher Redemption Amount"), both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 60 calendar days prior (or such other period as is specified in the applicable Pricing Supplement) to the date fixed for redemption (the "Selection Date"). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of the Redeemed Notes will be published in accordance with Condition 13 not less than 30 calendar days prior (or any other period as is specified in the applicable Pricing Supplement) to the date fixed for redemption. The aggregate principal amount of

Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate principal amount of all Redeemed Notes as the aggregate principal amount of Definitive Notes outstanding bears to the aggregate principal amount of the Notes outstanding, in each case on the Selection Date, provided that the first mentioned principal amount, if necessary, shall be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate principal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 13 at least 10 calendar days prior (or any other period as is specified in the applicable Pricing Supplement) to the Selection Date.

(e) Put Option-Redemption at the Option of the Noteholders

If the applicable Pricing Supplement specifies that the Noteholders have an option to redeem the Notes, upon the Noteholder giving the relevant Issuer, in accordance with Condition 13, not less than 30 nor more than 60 calendar days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), that Issuer, upon the expiration of such notice, will redeem (in accordance with, the terms specified in the applicable Pricing Supplement) in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

In order to exercise its right to require redemption of any Notes in definitive form, the Noteholder must deliver the Note at the specified office of any Paying Agent outside the United States during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "Put Notice"), in which the holder must specify a bank account (or, if payment is by check, an address) to which payment is to be made under this Condition.

(f) Regulatory Limitations on Redemption

To the extent then required by applicable capital regulations, the Bank's Subordinated Notes may require approval of the Comptroller before redemption prior to maturity, whether pursuant to acceleration or otherwise.

(g) Early Redemption Amounts

For purposes of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) for Notes with a Final Redemption Amount equal to 100% of the principal amount, at the Final Redemption Amount thereof; or

(ii) for Notes (other than Zero Coupon Notes, but including Amortizing Notes, Indexed Notes, Installment Notes, and Partly Paid Notes) with a Final Redemption Amount different from the nominal amount or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or

(iii) for Zero Coupon Notes, at an amount (the "Amortized Face Amount") equal to:

(A) the sum of (1) the Reference Price specified in the applicable Pricing Supplement multiplied by the face amount of the Note (the "Reference Price Amount") and (2) the product of the Accrual Yield specified in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price Amount from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or

(B) if the amount payable with respect to any Zero Coupon Note upon redemption pursuant to Condition 5(b), (c), (d), or (e) above or upon its becoming due and repayable as provided in Condition 9 is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in subparagraph (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "Reference Date") which is the earlier of:

(1) the date on which all amounts due with respect to the Note have been paid; or

(2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (B) will continue to be made, before, as well as, after judgment, until the Reference Date, unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Note together with interest at a rate per annum equal to the Accrual Yield.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 calendar days each and, in the case of an incomplete month, the actual number of days elapsed or such other calculation basis as may be specified in the applicable Pricing Supplement.

(h) Installment Notes; Amortizing Notes

If the Notes are Installment Notes, they will be redeemed in the Installment Amounts and on the date on which each installment is repayable (each, an "Installment Date") as specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above. If the Notes are Amortizing Notes, they will be redeemed in the amounts and on the dates set forth on the Amortization Table specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(i) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption, or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(j) Indexed Notes

If the Notes are Indexed Notes, they will be redeemed, whether at maturity, early redemption, or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(k) Repurchases

An Issuer and any of its affiliates may at any time repurchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons attached thereto are repurchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold, or surrendered to any Paying Agent for cancellation, provided that any Notes reissued or resold comply with the selling restrictions set forth in Treasury Regulations Section 1.163-5 as if they were newly issued.

(l) Cancellation

All Notes which are redeemed will be canceled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so canceled and the Notes purchased and canceled pursuant to paragraph (k) above (together with all unmatured Receipts and Coupons canceled therewith) shall be forwarded to the Issuing and Principal Paying Agent and cannot be reissued or resold.

6. Redenomination

If the applicable Pricing Supplement permits redenomination, Notes denominated in a currency that may be redenominated into euro, at the election of the relevant Issuer, may be subject to redenomination in the manner set out below. In relation to such Notes, the relevant Issuer, without the consent of the Noteholders, Receiptholders, or Couponholders, on giving at least 30 calendar days' prior notice to Noteholders, Receiptholders, Couponholders, the Issuing and Principal Paying Agent, Euroclear, and Clearstream, Luxembourg in accordance with Condition 13, may designate a "Redenomination Date" for the Notes, being (in the case of interest-bearing Notes) a date for payment of interest under the Notes (or in the case of Zero Coupon Notes, any date), in each case specified by the relevant Issuer in the notice given pursuant to this paragraph and falling on or after the date on which the relevant member state commences participation in the third stage of European Economic and Monetary Union pursuant to the EC Treaty and which falls before the date on which the currency ceases to be a sub-division of the euro.

Beginning on the Redenomination Date, notwithstanding the other provisions of the Conditions:

(a) the Notes and the Receipts shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note and Receipt in the Specified Currency, converted into euro at the rate for conversion established by the Council of the European Union pursuant to the EC Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided that, if the relevant Issuer determines, with the agreement of the Agent (which agreement shall not be unreasonably withheld), that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the relevant Issuer shall promptly notify the Noteholders, any stock exchange on which the Notes may be listed and any Paying Agent of such deemed amendment;

(b) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000, and such other denominations as the Issuing and Principal Paying Agent determines and gives notice of to the Noteholders;

(c) if Definitive Notes have been issued prior to the Redenomination Date, all unmatured Receipts and Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void from the date on which the relevant Issuer gives the notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts, and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued also will become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the relevant Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Issuing and Principal Paying Agent may specify and shall be stated to Noteholders in the Exchange Notice;

(d) after the Redenomination Date, all payments in respect of the Notes (other than payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;

(e) the amount of interest in respect of Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Receipts or Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and

(f) if the Notes are Floating-Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest.

In connection with such redenomination, the relevant Issuer, after consultation with the Issuing and Principal Paying Agent, may make such other changes to the Conditions applicable to the relevant Notes, including, without limitation, with respect to any Business Day, Fixed Day Count Fraction, Floating Day Count Fraction, or other conventions as it may decide, so as to conform them to the then market practice in respect of euro-denominated debt securities issued in the Euromarkets, which are held in international clearing systems. Any such changes will not take effect until the next following Interest Payment Date after the Noteholders have been given notice in accordance with Condition 13.

The circumstances and consequences described in this Condition 6 and any resulting amendment to the Terms and Conditions of the Notes will not entitle any Noteholder (a) to any legal remedy, including, without limitation, redemption, rescission, notice, repudiation, adjustment, or renegotiation of the Notes, or (b) to raise any defense or make any claim (including, without limitation, claims of breach, force majeure, frustration of purpose, or impracticability) or any other claim for compensation, damages, or any other relief.

7. Taxation

An Issuer will pay a United States Alien such additional amounts of interest ("Additional Amounts") as may be necessary so that every net payment of the principal of and interest on any Note or any Coupon appertaining thereto, after deduction or withholding for or on account of any present or future tax, assessment, or other governmental charge imposed upon such holder by the United States or any political subdivision or taxing authority thereof or therein upon or as a result of such payment, will not be less than the amount provided for in such Note and the Coupons appertaining thereto; *provided, however,* that the foregoing obligation to pay Additional Amounts shall not apply to:

(a) any tax, assessment, or other governmental charge which would not have been so imposed but for:

(i) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member, or stockholder of, or a person holding a power over, such holder, if such holder is an estate, trust, partnership, or corporation) and the United States or any of its possessions, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, stockholder, or person holding a power) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business therein or being or having been present therein or having or having had a permanent establishment therein or having or having had a qualified business unit which has the U.S. Dollar as its functional currency;

(ii) such holder's present or former status as a personal holding company, foreign personal holding company, passive foreign investment company, private foundation, or other tax-exempt entity, or controlled foreign corporation for United States tax purposes or a corporation which accumulates earnings to avoid United States federal income tax; or

(iii) such holder's status as a bank extending credit pursuant to a loan agreement entered into in the ordinary course of business;

(b) any tax, assessment, or governmental charge that would not have been so imposed but for the failure of the holder to comply with certification, identification, or information reporting requirements under United States income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity, or connection with the United States or any of its possessions of the holder or a beneficial owner of such Note or Coupon, if such compliance is required by United States income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment, or governmental charge;

(c) any tax, assessment, or governmental charge that would not have been so imposed but for the presentation by the holder of such Note or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(d) any estate, inheritance, gift, sales, transfer, excise, wealth, or personal property tax or any similar tax, assessment, or governmental charge;

(e) any tax, assessment, or governmental charge which is payable otherwise than by withholding by the relevant Issuer or a Paying Agent from the payment of the principal of or interest on any Note or Coupon;

(f) any tax, assessment, or governmental charge imposed solely because the payment is to be made by a particular Paying Agent or a particular office of a Paying Agent and would not be imposed if made by another Agent or by another office of this Agent;

(g) any tax, assessment, or other governmental charge imposed on interest received by a person holding, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the relevant Issuer entitled to vote;

(h) any tax, assessment, or other governmental charge imposed on a payment of principal or interest (or any other payment) on any Dual Currency Note or Indexed Note unless the applicable Pricing Supplement expressly provides that the Issuer will pay Additional Amounts with respect to such Note;

(i) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to any European Union Directive on the taxation of savings, including any directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (any such directive being the "Directive") or any law implementing or complying with, or introduced in order to conform to, such Directive;

(j) any Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union; or

(k) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i), or (j); nor shall Additional Amounts be paid with respect to any payment of the principal of or interest on any Note or Coupon to a person other than the sole beneficial owner of such payment or that is a partnership or fiduciary to the extent either (i) such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary would not have been entitled to the payment of Additional Amounts had such beneficial owner, member, beneficiary, or settlor been the Noteholder or Couponholder, or (ii) the Noteholder does not provide a statement, in the form, manner, and time required by applicable United States income tax laws, from such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary concerning its nationality, residence, identity, or connection with the United States.

"United States Alien" means any corporation, partnership, entity, individual, or fiduciary that is for United States federal income tax purposes (1) a foreign corporation, (2) a foreign partnership to the extent one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual, or a foreign estate or trust, (3) a non-resident alien individual, or (4) a foreign estate or trust.

Except as specifically provided herein and in the Amended and Restated Agency Agreement, the relevant Issuer shall not be required to make any payment with respect to any tax, assessment, or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein.

Whenever any Additional Amounts are to be paid on Notes or Coupons, the relevant Issuer will give notice to the Issuing and Principal Paying Agent and the other Paying Agents, as provided in the Amended and Restated Agency Agreement.

8. Prescription

The Notes, Receipts, and Coupons will become void unless presented for payment within a period of five years after the date on which such payment first becomes due (the "Relevant Date"). However, if the full amount of the money payable has not been duly received by the Issuing and Principal Paying Agent or other relevant Paying Agent on or prior to the Relevant Date, then the Relevant Date shall mean the date on which, after the full amount of such money has been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

No Coupon sheet issued upon exchange of a Talon shall include a Coupon on which the claim for payment would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

9. Events of Default

(a) Events of Default in Relation to Senior Notes

The occurrence of any of the following events with respect to any Series of Senior Notes of an Issuer shall constitute an "Event of Default" with respect to such Series:

(i) the relevant Issuer shall fail to pay the principal amount of any of the Notes when due whether at maturity or upon early redemption or otherwise; or

(ii) the relevant Issuer shall fail to pay any installment of interest, other amounts payable or Additional Amounts on any of the Notes for a period of 30 days after the due date; or

(iii) the relevant Issuer shall fail duly to perform or observe any other term, covenant, or agreement applicable to Senior Notes contained in any of the Notes or in the Amended and Restated Agency Agreement for a period of 90 calendar days after the date on which written notice of such failure, requiring such Issuer to remedy the same, shall first have been given to such Issuer and the Issuing and Principal Paying Agent by the Noteholders of at least 33% in aggregate principal amount of the Notes at the time outstanding; *provided, however,* that in the event such Issuer within the aforesaid period of 90 calendar days shall commence legal action in a court of competent jurisdiction seeking a determination that such Issuer had not failed duly to perform or observe the term or terms, covenant or covenants, or agreement or agreements specified in the aforesaid notice, such failure shall not be an Event of Default unless the same continues for a period of 10 calendar days after the date of any final determination to the effect that the relevant Issuer had failed to duly perform or observe one or more of such terms, covenants, or agreements; or

(iv) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the relevant Issuer in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization, or other similar law now or hereafter in effect, or appointing a receiver, liquidator, conservator, assignee, custodian, trustee, sequestrator (or similar official) of such Issuer or for any substantial part of its property or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive calendar days; or

(v) the relevant Issuer shall commence a voluntary case or proceeding under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization, or other similar law now or hereafter in effect, or shall consent to the entry or an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, conservator, assignee, trustee, custodian, sequestrator (or similar official) of such Issuer or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

(b) Events of Default in Relation to Subordinated Notes

The occurrence of any of the following events with respect to any Series of Subordinated Notes of an Issuer shall constitute an "Event of Default" with respect to such Series:

(i) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the relevant Issuer in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization, or other similar law now or hereafter in effect, or appointing a receiver, liquidator, conservator, assignee, custodian, trustee, sequestrator (or similar official) of the relevant Issuer or for any substantial part of its respective property or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive calendar days; or

(ii) the relevant Issuer shall commence a voluntary case or proceeding under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization, or other similar law now or hereafter in effect, or shall consent to the entry or an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the relevant Issuer or for any substantial part of its respective property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its respective debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

If an Event of Default shall occur and be continuing, then the holder of any Note, at such holder's option, by written notice to the relevant Issuer and the Issuing and Principal Paying Agent, may declare the principal of such Note, the interest accrued or any other amounts then payable thereon (and Additional Amounts, if any, thereon) to be due and payable immediately and if any such Event of Default shall continue at the time of receipt of such written notice, such amounts shall become immediately due and payable, subject to the qualification in bold-type immediately below. Upon payment of such amount of principal, interest, or other amounts payable (and Additional Amounts, if any), all of the relevant Issuer's obligations in respect of payment of principal of, interest, or other amounts payable on (and Additional Amounts, if any) such Note shall terminate. Interest on overdue principal, interest, or other amounts payable (and Additional Amounts, if any) shall accrue from the date on which such principal, interest, or other amounts payable (and Additional Amounts, if any) were due and payable to the date such principal, interest, or other amounts payable (and Additional Amounts, if any) are paid or duly provided for, at the rate borne by the Notes (to the extent payment of such interest shall be legally enforceable).

Payment of principal, the interest accrued, or other amounts then payable thereon (and Additional Amounts, if any) of the Subordinated Notes may not be accelerated in the case of a default in the payment of principal, interest, or other amounts then payable or the performance of any other covenant of either Issuer. Payment of the principal, the interest accrued, or other amounts then payable thereon (and Additional Amounts, if any) of the Subordinated Notes may be accelerated only in the case of the bankruptcy or insolvency of the relevant Issuer. To the extent then required under applicable capital regulations of the Comptroller, no payment may be made on the Bank's Subordinated Notes after an acceleration resulting from a bankruptcy or insolvency of the Bank without the prior approval of the Comptroller.

If an Event of Default with respect to the Notes, or an event which, with the passing of time or the giving of notice, or both, would be an Event of Default, shall occur and be continuing, the relevant Issuer shall notify the Issuing and Principal Paying Agent in writing of such Event of Default no later than the following Business Day after it becomes aware of such Event of Default, and the Issuing and Principal Paying Agent thereupon promptly shall notify all of the Noteholders of such Event of Default.

The relevant Issuer shall provide to the Issuing and Principal Paying Agent within 90 calendar days after the end of each fiscal year of such Issuer, commencing with the fiscal year ending December 31, 2004, a certificate to the effect that as of the last day of such fiscal year there was then existing no default with respect to the Notes, as defined in this section. The Issuing and Principal Paying Agent shall make such certificate available for inspection during normal business hours but shall have no duty to the Noteholders in respect of such certificate.

For purposes of paragraph (a)(4) above, any indebtedness which is in a currency other than U.S. Dollars shall be translated into U.S. Dollars at the "spot" rate for the sale of U.S. Dollars against the purchase of the Specified Currency as quoted by the Issuing and Principal Paying Agent on the calendar day in London corresponding to the calendar day on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

If any Note shall become so repayable, it shall be repaid at its Early Redemption Amount (as defined in Condition 5(g)) together, if appropriate, with accrued interest thereon, such interest to accrue and be paid in accordance with Condition 3.

10. Replacement of Notes, Receipts, Coupons, and Talons

Should any Note, Receipt, Coupon, or Talon be lost, stolen, mutilated, defaced, or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent in London (or such other place outside the United States as may be notified to Noteholders) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons, or Talons must be surrendered before replacements will be issued.

11. Agent and Paying Agents

JPMorgan Chase Bank, London Branch, Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom shall be the initial Issuing and Principal Paying Agent. J.P. Morgan Bank Luxembourg S.A., 5 Rue Plaetis, L-2338 Luxembourg-Grund initially shall be a Paying Agent.

The Issuers are entitled to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents and approve any change in the specified office through which any Paying Agent acts, provided that:

(a) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(b) there will at all times be a Paying Agent with a specified office in a city in continental Europe;

(c) there will at all times be an Agent; and

(d) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will maintain a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive (as defined in Condition 7).

In addition, each Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment, or change shall take effect only (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

12. Exchange of Talons

On and after the Fixed Interest Payment Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon, if any, forming part of such Coupon sheet, may be surrendered at the specified office of the Issuing and Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon, for purposes of these Terms and Conditions, shall be deemed to mature on the Fixed Interest Payment Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

13. Notices

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London and, so long as any Notes are listed on the Luxembourg Stock Exchange, in one leading newspaper with circulation in Luxembourg, pursuant to the rules of the Luxembourg Stock Exchange, and it is expected that such publication will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. Any such notice will be deemed to have been given on the date of such publication or, if published more than once, on the date of first publication. Couponholders of Notes shall be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this paragraph.

For so long as the Global Notes are held in their entirety on behalf of Euroclear and Clearstream, Luxembourg and until such time as any Definitive Notes are issued, if any are issued, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices also will be published in the *Luxemburger Wort* or any other leading Luxembourg newspaper. Any such notice to Euroclear and Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. If approved for listing, as long as the Notes are listed on the Luxembourg Stock Exchange, any change in the Luxembourg paying and transfer agent or intermediary agent will be published in the *Luxemburger Wort* or another leading Luxembourg newspaper.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Issuing and Principal Paying Agent. While any of the Notes are represented by a Global Note, that notice may be given by any Noteholder to the Issuing and Principal Paying Agent through Euroclear or Clearstream, Luxembourg as the case may be, in such manner as the Issuing and Principal Paying Agent and Euroclear or Clearstream, Luxembourg as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification, and Waiver

The Amended and Restated Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including approving by Extraordinary Resolution (as defined in the Amended and Restated Agency Agreement) a modification of the Notes, the Receipts, the Coupons or certain provisions of the Amended and Restated Agency Agreement. Such a meeting may be convened by the relevant Issuer or Noteholders holding not less than 33% in principal amount of the Notes that at such time remain outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount of the Notes that at such time remain outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts, or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts, or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes that at such time remain outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

Without the consent of the Noteholders, Receiptholders, or Couponholders, the Agent and the Issuers may agree to modifications of or amendments to the Amended and Restated Agency Agreement, the Notes, the Receipts, or the Coupons for any of the following purposes:

(a) to evidence the succession of another entity to an Issuer and the assumption by any such successor of the covenants of such Issuer in the Amended and Restated Agency Agreement, the Notes, Receipts, or Coupons;

(b) to add to the covenants of an Issuer for the benefit of the Noteholders, the Receiptholders, or the Couponholders, or to surrender any right or power herein conferred upon such Issuer;

(c) to relax or eliminate the restrictions on payment of principal and interest in respect of the Notes, Receipts, or Coupons in the United States, provided that such payment is permitted by United States tax laws and regulations then in effect and provided that no adverse tax consequences would result to the Noteholders, the Receiptholders, or the Couponholders;

(d) to cure any ambiguity, to correct or supplement any defective provision herein or any provision which may be inconsistent with any other provision herein;

(e) to make any other provisions with respect to matters or questions arising under the Notes, the Receipts, the Coupons, or the Amended and Restated Agency Agreement, provided such action pursuant to this sub-clause (e) shall not adversely affect the interests of the Noteholders, the Receiptholders, or the Couponholders; and

(f) to permit further issuances of Notes in accordance with the terms of the Program Agreement.

Any such modification or amendment shall be binding on the Noteholders, the Receiptholders, and the Couponholders and any such modification or amendment shall be notified to the Noteholders, the Receiptholders, or the Couponholders in accordance with Condition 13 as soon as practicable thereafter.

15. Merger, Consolidation, Sale, Conveyance, and Assumption

Any entity into which the Agent or any Paying Agent may be merged or converted, or any entity with which the Agent or any of the Paying Agents may be consolidated or any entity resulting from any merger, conversion, or consolidation to which the Agent or any of the Paying Agents shall be a party, or any entity to which the Agent or any Paying Agent shall sell or otherwise transfer all or substantially all the assets of the Agent or any Paying Agent shall become, on the date when such merger, conversion, consolidation, or transfer becomes effective and to the extent permitted by any applicable laws, the successor Agent or, as the case may be, Paying Agent under the Amended and Restated Agency Agreement without the execution or filing of any paper or any further act on the part of the parties to the Amended and Restated Agency Agreement, unless otherwise required by the Issuers, and after the effective date all references in the Amended and Restated Agency Agreement to the Agent or, as the case may be, such Paying Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation, or transfer shall be given immediately to the Issuers by the relevant Agent or Paying Agent.

16. Additional Issuances

The Issuers from time to time without the consent of the relevant Noteholders, Receiptholders, or Couponholders may create and issue additional notes having terms and conditions the same as (or the same in all respects except for the Issue Date, Interest Commencement Date, and the Issue Price) Notes of an existing Series. These additional Notes shall be consolidated and form a single Series with the outstanding Notes of the existing Series.

17. Governing Law and Submission to Jurisdiction

The Amended and Restated Agency Agreement, the Notes, and any Coupons, Receipts, and Talons appertaining to the Notes shall be governed by and construed in accordance with the laws of the State of New York, United States, applicable to agreements made and to be performed wholly within such jurisdiction without regard to principles of conflicts of laws.

The Issuers submit to the non-exclusive jurisdiction of any United States federal court sitting in New York City, the Borough of Manhattan, solely for purposes of any legal action or proceeding brought to enforce its obligations hereunder or under any Coupon, Receipt, or Talon. As long as any Note or Coupon remains outstanding, each Issuer shall either maintain an office or have an authorized agent in New York City upon whom process may be served in any such legal action or proceeding. Service of process upon an Issuer at its office or upon such agents with written notice of such service mailed or delivered to the Issuer shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Issuer in any such legal action or proceeding. Both Issuers have appointed CT Corporation System at 111 Eighth Avenue, New York, New York 10011 as its agent upon whom process may be served in any suit, action or proceeding relating to or arising out of the Amended and Restated Agency Agreement, the Notes or any Coupon, Receipt, or Talon appertaining hereto, and, in the case of the Corporation, with a copy to the Corporation at Bank of America Corporation, Bank of America Corporate Center, 100 North Tryon Street, NC1-007-07-06, Charlotte, North Carolina 28255, Attn: Corporate Treasury, and, in the case of the Bank, with a copy to the Bank at Bank of America, N.A., Bank of America Corporate Center, 100 North Tryon Street, NC1-007-07-06, Charlotte, North Carolina 28255, Attn: Corporate Treasury, in each case with a copy to Bank of America Corporation, Bank of America Corporate Center, Legal Department, 100 North Tryon Street, NC1-007-56-11, Charlotte, North Carolina 28255-0001, Attn: General Counsel.

UNITED STATES TAXATION

Except as otherwise provided in the applicable Pricing Supplement, the following is a summary of certain United States federal income and estate tax considerations applicable to an investment in the Notes by United States Alien holders who are the original purchasers of the Notes and who have not purchased, and do not hold, the Notes in connection with a United States trade or business. For purposes of the following discussion it is assumed that the Issuing and Principal Paying Agent will deliver the Notes to the holders or their agents outside the United States and that none of Euroclear or Clearstream, Luxembourg (or the participants of either) or any common depositary is or will act as the Issuer's agent with respect to any matter relating to the Notes, including ownership thereof or any payments with respect thereto.

Under the United States federal income tax laws as in effect on the date of this Offering Circular and subject to the discussion below, payments of principal and interest (including original issue discount), if any, by an Issuer or any Paying Agent (acting in its capacity as such) outside the United States to any holder of a Note (other than Dual Currency Notes and certain Indexed Notes) who is a United States Alien will not be subject to United States federal income or withholding tax, in the case of interest and original issue discount, *provided* that:

(1) such holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the relevant Issuer entitled to vote;

(2) such holder is not a controlled foreign corporation for United States federal income tax purposes that is related to the relevant Issuer through stock ownership;

(3) the interest is not received by a bank on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

(4) the interest is not effectively connected with the conduct of a trade or business within the United States.

Under Section 871(h)(4)(A) of the Code, payments of certain types of contingent interest to a United States Alien holder (or any foreign partnership without regard to its status as a United States Alien) may be subject to United States withholding tax equal to 30% of each such payment (or such lower amounts as provided by treaty). Contingent interest subject to such withholding tax includes interest that is determined by reference to cash flow or income or profits of the issuer of the debt instrument (or a related person), equity distributions made by such Issuer (or a related person), changes in the value of property of such Issuer (or a related person), or any other type of contingent interest that is identified in Treasury Regulations, where a United States withholding tax is necessary or appropriate to prevent the avoidance of United States federal taxation. Contingent interest that is not subject to withholding tax ("permissible contingent interest") generally includes interest determined by reference to (1) changes in the value of, or in any index on the value of, property or stock, other than United States real property interests (as defined in Section 897(c) of the Code), that is actively traded (within the meaning of Section 1092(d) of the Code), (2) the yield or an index of the yield on actively traded property, other than debt instruments that pay contingent interest subject to withholding tax and property that represents a beneficial interest in the issuer (or a related person), or (3) any other type of contingent interest that is identified in Treasury Regulations.

Interest on Indexed Notes or Dual Currency Notes either will be contingent interest subject to withholding or permissible contingent interest, depending upon the terms of those Notes. For example, an Issuer may issue Indexed Notes which provide that at maturity the holder will receive an amount equal to the greater of the face amount of the Note or an amount based on the change in value of an equity asset (the "reference asset") which amount is payable, at the holder's option, either in cash or by physically delivering units having a value equal to the value of the reference asset. Amounts paid on such equity-linked Indexed Notes generally will be treated as permissible contingent interest and therefore not subject to withholding tax provided that conditions (1) through (4) of the second preceding paragraph are satisfied. In addition, the Issuer may issue Indexed Notes which have terms similar to the equity-linked

Indexed Notes except that the holder may elect to receive the reference asset prior to the Note's scheduled maturity. Payments received with respect to such convertible equity-linked Indexed Note would be treated either as permissible contingent interest or as payments received from an investment unit consisting of a fixed rate debt instrument and a warrant. If the payment received on such convertible equity-linked Indexed Note is not treated as permissible contingent interest, but as payment on an investment unit, the portion of the payment which represents fixed interest on the debt component of the investment unit is not subject to withholding, provided that items (1) through (4) in the second preceding paragraph are satisfied and the portion of the payment which represents gain, if any, on the warrant component of the investment unit will be gain not subject to withholding, provided that the holder of such Note does not have a connection with or status with respect to the United States as described in Condition 7(a). Similarly, an Issuer may issue Indexed Notes of which principal, interest, if any, or other amounts may be based on the change in value of one or more debt obligations (the "reference obligation") if one or more of certain events relating to the creditworthiness of the issuer, or issuers, (which do not include the Issuers) of the reference obligation occurs before the Note's scheduled maturity. The Issuer intends to treat the stated interest on such credit-linked Indexed Notes as either permissible contingent interest or as payments with respect to a unit consisting of a non-contingent debt instrument and a credit default swap, which payments to the extent they are attributable to the debt instrument are not subject to withholding provided that items (1) through (4) in the second preceding paragraph are satisfied and to the extent they are attributable to the credit default swap are not subject to withholding. If a Note has contingent interest or is treated as an investment unit, the applicable Pricing Supplement will so state and will describe whether interest payments on such Notes are subject to any United States withholding taxes.

A United States Alien holder will not be subject to United States federal income tax on any gain realized on the sale, exchange or retirement of a Note, provided that such holder does not have a connection with or status with respect to the United States as described in Condition 7(a).

Notes held by an individual who is a United States Alien (who is not a United States tax expatriate) at the time of such individual's death generally will not be subject to United States federal estate tax provided that the income from such Notes was not or would not have been effectively connected with a United States trade or business of such individual and that such individual qualified for the exemption from the United States federal withholding tax that is described above. However, to the extent a Note is treated as consisting of a debt instrument and a warrant or credit default swap, the estate tax treatment of the portion of the Note attributable to the warrant or credit default swap is unclear.

A 28% backup withholding tax (which will be increased to 31% for the years 2011 and thereafter) and information reporting requirements apply to certain payments of principal of and interest on an obligation, and payments of the proceeds of the sale of an obligation before maturity, to certain noncorporate United States holders. Under current United States Treasury Department regulations, backup withholding and information reporting will not apply to payments of principal of or interest on a Note which are made outside the United States (other than payments made to an address in the United States or by transfer to an account maintained by the holder with a bank in the United States) by an Issuer or any Paying Agent (acting in its capacity as such) to a United States Alien holder of a Note, provided that neither the relevant Issuer nor any such Paying Agent has actual knowledge that the holder is a United States person. In addition, backup withholding and information reporting will not apply to any payment of principal of or interest on a Note to a beneficial owner of a Note by a foreign office of a foreign custodian, foreign nominee or other foreign agent of such beneficial owner, or to any payment of the proceeds of the sale of a Note by a foreign office of a foreign "broker" (as defined in applicable Treasury Regulations), provided that such nominee, custodian, agent or broker derives less than 50% of its gross income for certain periods from the conduct of a trade or business in the United States and is not (1) a "controlled foreign corporation" as to the United States or (2) a foreign partnership that is either engaged in a United States trade or business or whose United States partners in the aggregate hold more than 50% of the income or capital interests in the partnership within the meaning of the Code. Payment of principal of or interest on a Note to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent, and payment by a foreign office of any other broker of the proceeds of a sale of a Note, will not be subject to backup withholding, but will be subject to information reporting unless the custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a United States person and certain conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of principal of or interest on a Note to the beneficial owner thereof by a United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of a sale of a Note, is subject to both backup withholding and information reporting unless the beneficial owner certifies (1) its non-United States status under penalties of perjury and the payor does not have knowledge that the beneficial owner is a United States person or (2) otherwise establishes an exemption. In addition, to the extent a payment on a credit-linked Indexed Note is deemed attributable to a credit default swap, backup withholding and information reporting will not apply to that payment if it is made outside the United States by a foreign person (including certain foreign persons which are sometimes treated as United States persons for other tax purposes, such as (1) a foreign branch of a United States bank, (2) a controlled foreign corporation, (3) a foreign corporation that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, or (4) a foreign partnership (x) engaged in a United States trade or business or (y) more than 50% of the income or capital interests of which are owned by a United States person, provided neither the Issuer nor any Paying Agent has actual knowledge that the holder is a United States person). All other payments on a Note attributable to a credit default swap generally will be subject to backup withholding and information reporting unless the holder otherwise establishes an exemption. All holders should consult their tax advisors regarding the application of these regulations.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY OR MAY NOT BE APPLICABLE DEPENDING UPON A NOTEHOLDER'S PARTICULAR SITUATION. NOTEHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

RISK FACTORS

The following section does not describe all of the risks and investment considerations (including those relating to the prospective investor's particular circumstances) with respect to an investment in the Notes. A Pricing Supplement may describe additional risks and investment considerations relating to a particular issue of Notes. Prospective investors should consult their own financial, legal, tax, and other professional advisors as to the risks arising from an investment in an issue of Notes, the appropriate resources to analyze an investment in the Notes (in particular, to evaluate the sensitivity of an investment to changes in economic conditions, interest rates, exchange rates, or other indices or factors which may have a bearing on the merits and risk of an investment), and the suitability of the investment for the investor. Investors in the Notes should have knowledge of and access to appropriate analytical resources to analyze quantitatively the effect (or value) of any redemption, cap or floor, or other features of the Notes, and the resulting impact upon the value of the Notes.

Currency Risks

If a purchaser invests in Notes denominated or payable in a specified currency other than the currency in which that purchaser normally conducts business, or the "home country currency," the investment will be subject to significant risks not associated with an investment in a debt security denominated and payable in the home country currency. These risks include the possibility of material changes in the exchange rate between the home country currency and the specified currency of the Notes and the imposition or modification of exchange controls by the applicable governments. The Issuers have no control over the factors that generally affect these risks, including economic, financial, and political events, and the supply and demand for the applicable currencies. Moreover, if payments on these types of Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. This Offering Circular does not describe all the risks of an investment in Notes denominated in, or paid based upon, a currency (including a composite currency) other than the home country currency. Prior to making an investment decision, prospective purchasers and their own legal, tax, and financial advisors should consider the suitability of an investment in these Notes.

Exchange Rates. In recent years, fluctuations in exchange rates between certain currencies have been highly volatile, and volatility between these currencies or with other currencies should be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of a purchaser's payment currency will result in a decrease in the home country currency equivalent yield of the Notes, in the home country currency equivalent value of the principal and any premium payable at maturity or any earlier redemption of the Notes and, generally, in the home country currency equivalent market value of the Notes.

Government Exchange Controls. From time to time, governments impose exchange controls that influence exchange rates and could limit the availability of the specified currency on an Interest Payment Date or the Maturity Date of a Note. It is possible that government exchange controls could restrict or prohibit the applicable Issuer's payment of principal or interest in the Specified Currency. Even if there are no exchange controls, it is possible that the Specified Currency will not be available to the relevant Issuer to make payment of interest and principal when required.

Pricing Supplements relating to Notes denominated other than in U.S. Dollars may contain additional information which will constitute a part of this Offering Circular.

Non-U.S. Dollar Judgments. The Notes will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than U.S. Dollars. The Judiciary Law of the State of New York provides, however, that judgment in an action based upon an obligation denominated in a currency other than U.S. Dollars will be rendered in the foreign currency of the underlying obligation and converted into U.S. Dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. Consequently, in a lawsuit for payment on the Notes, holders of the Notes could bear currency exchange risk until a judgment or decree is entered, which could be a long time.

Indexed Note Risks

While either Issuer may issue Indexed Notes, the Corporation will not issue InterNotes which are Indexed Notes. In addition, subject to compliance with all applicable legal, regulatory, and clearing systems settlement requirements, an Issuer may issue Indexed Notes which may be settled by delivery of non-cash payments, such as by payment of securities, loans, or other instruments. The principal, interest, and other amounts payable in respect of an Indexed Note may not be known at the date of purchase of the Notes.

Specific information pertaining to the method of determining the principal, interest, and other amounts payable will be contained in the applicable Pricing Supplement, as well as additional risk factors unique to the Indexed Note, historical information with respect to the specified indexed item and additional United States federal tax considerations.

Generally, an investment in Indexed Notes involves risks in addition to those normally associated with conventional debt securities:

Principal Amount. The principal amount of an Indexed Note may or may not be fully "principal protected." This means that the principal amount the investor will receive at maturity may be less than the original purchase price of the Indexed Notes. It also is possible that principal will not be repaid.

Interest Payments. If the interest rate of an Indexed Note is indexed (whether or not the principal amount is indexed), the investor may receive interest payments that are less than those the investor would have received had the investor purchased a conventional debt security at the same time having the same maturity date. It is also possible that no interest will be paid.

Multiplier or Leverage Factor. Some Indexed Notes may have interest and principal payments that increase or decrease at a rate greater than the rate of a favorable or unfavorable movement in the indexed or reference item. This is referred to as a multiplier or leverage factor. A multiplier or leverage factor in a principal or interest index formula will increase the risk that no principal or interest will be paid.

Early Payment. The terms of an Indexed Note may require that the Note be repaid prior to its scheduled maturity date. That early repayment may reduce the holder's anticipated return on the investment.

Tax Consequences. The United States federal income tax consequences of Indexed Notes are uncertain. No statutory, judicial, or administrative authority directly addresses the characterization of Indexed Notes or securities similar to the Indexed Notes for United States federal income or other tax purposes. As a result, significant aspects of the tax consequences of an investment in the Indexed Notes are not certain. Neither Issuer will request a ruling from the Internal Revenue Service (the "IRS") for any Indexed Note and, therefore, cannot provide any assurance that the IRS will agree with the statements made in this Offering Circular or any applicable Pricing Supplement.

Factors Affecting the Trading Value. The trading market for, and trading value of, the Indexed Notes may be affected by a number of factors. Often, the more specific the investment objective or strategy of the Indexed Note, the more limited the trading market and the more volatile the price of that Indexed Note. These factors include:

- the complexity and volatility of the index or formula applicable to the Indexed Notes, including any dividend rates or yield of other securities or financial instruments applicable to the Indexed Notes;
- the method of calculating the principal, premium, if any, and interest of the Indexed Notes;
- the time remaining to maturity of the Indexed Notes;
- the aggregate amount of outstanding Indexed Notes;

- any redemption feature of the Indexed Notes;
- the amount of other securities linked to the index or formula applicable to the Indexed Notes; and
- the level, direction, and volatility of market interest rates generally.

Level of the Indexed Item. The level of the applicable indexed item will depend on a number of interrelated factors, including economic, financial, and political events, over which the Issuers have no control. The historical experience of the applicable indexed item should not be taken as an indication of future performance of that indexed item during the term of the Indexed Notes.

Usury Laws. New York law governs the Notes. New York usury laws limit the amount of interest that can be charged and paid on loans, including debt securities like the Notes. Under present New York law, the maximum permissible rate of interest is 25% per annum on a simple interest basis. This limit may not apply to debt securities in which $2,500,000 or more has been invested. While a court sitting outside of New York may give effect to New York law, many other nations and jurisdictions also have laws that regulate the amount of interest that may be charged to and paid by a borrower. The Issuers do not intend to claim the benefits of any laws concerning usurious rates of interest.

Hedging Activities. At any time an Issuer or its affiliates may engage in hedging activity related to the Notes or to a component of the index or formula applicable to the Notes. This hedging activity, in turn, may increase or decrease the value of the Notes. In addition, an Issuer or its affiliates may acquire a long or short position in the Notes from time to time. All or a portion of these positions may be liquidated at or about the time of the Maturity Date of the Notes. The aggregate amount and the composition of such positions are likely to vary over time. Neither Issuer has reason to believe that any of our hedging activities will have a material impact on the Notes, either directly or indirectly, by impacting the price of a component of such index or formula; however, there can be no assurance that an Issuer's or its affiliates' activities will not affect such price.

Possible Illiquidity of the Secondary Market. Whether or not the Notes are listed on any securities exchange, neither Issuer can assure that a trading market for the Notes ever will develop or be maintained if developed. Although the Dealers intend under ordinary market conditions to indicate prices for the Notes on request, neither Issuer can assure investors that bids will be made in the future or predict the price at which such bids will be made.

Other Risks

Redemption. If the terms of any Notes permit or require redemption prior to maturity, that redemption may occur at times when prevailing interest rates are relatively low. As a result, a holder of the redeemed Notes may not be able to invest the proceeds from the redemption in a new investment that yields a similar return.

Credit Ratings. The Issuers' credit ratings are an assessment of their ability to pay their respective obligations. Consequently, real or anticipated changes in their credit ratings may affect the trading value of the Notes. However, because the return on the Notes depends upon factors in addition to the Issuers' ability to pay their obligations, an improvement in these credit ratings will not reduce the other investment risks related to the Notes.

SUBSCRIPTION AND SALE

The Program Agreement provides for Notes to be issued on a continuous basis to any of the Dealers, although the Issuers have no obligation to issue any Notes and no Dealer has any obligation to subscribe for Notes. The price or prices at which a given Series will be issued will be agreed at the time of subscription and sale between the relevant Issuer and Dealers. Notes of the same Series may be subscribed to at different times and at different prices. Notes may be resold at prices to be agreed with the relevant Dealers. There can be no assurance that the Notes will be resold or that there will be a secondary market for them.

Banc of America Securities Limited ("BASL"), an indirect wholly-owned corporate subsidiary of the Corporation, will participate in the Program as the Arranger and a Dealer under the Program Agreement. BA Asia Limited, an indirect wholly-owned corporate subsidiary of the Corporation, will participate as a Dealer under the Program Agreement. BASL is regulated by the Financial Services Authority of the United Kingdom. Any obligations of BASL or BA Asia Limited are the sole responsibility of such entity and do not create any obligation or guarantee on the part of the Issuers or any affiliate of the Issuers.

Pursuant to the terms of the Program Agreement, the Corporation may enter into a subscription agreement with BASL and Incapital Europe Limited, as Arrangers and Joint Lead Managers, and named Dealers for purposes of issuing InterNotes. Incapital Europe Limited is an associated company in which the Corporation, through one of its subsidiaries, has a minority investment. Any obligation of Incapital Europe Limited is the sole responsibility of such entity and does not create any obligation or guarantee on the part of the Corporation or any subsidiary or affiliate of the Corporation, including the Bank.

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes. The obligations of the Dealers under the Program Agreement will be subject to certain conditions set out in the Program Agreement, and, in the case of an issuance of InterNotes, a separate subscription agreement.

General

The Issuers have not taken and currently do not intend to take any action that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any other offering material in any jurisdiction where action for that purpose is required. Each Dealer has agreed, and each further dealer or distributor will be required to agree, that it will comply with all applicable laws and regulations known by it, or that reasonably should have been known by it, in each jurisdiction in which it purchases, offers, sells, or delivers Notes or possesses or distributes this Offering Circular or any other offering material and will obtain any consent, approval, or permission required by it for the purchase, offer, sale, or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales, or deliveries and none of the Issuers, the Issuing and Principal Paying Agent, and any other Dealer or purchaser shall have any responsibility therefor. In addition, each Dealer has agreed that, unless prohibited by applicable law, it will make available upon the request of each person to whom it offers or sells Notes a copy of this Offering Circular (as amended or supplemented).

None of the Issuers, the Issuing and Principal Paying Agent, or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche (including any issue of InterNotes), the relevant Dealers will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealers shall agree to and as shall be set out in the applicable Pricing Supplement.

Neither this Offering Circular nor any Pricing Supplement constitutes, nor may be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offering and sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required by the Dealers and the Issuers to inform themselves about and to observe any such restrictions.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in reliance on an exemption from the Securities Act, including, without limitation, Regulation S under the Securities Act.

The Notes offered by the Bank are being offered and sold pursuant to the terms of regulations issued by the Comptroller and in reliance upon an exemption provided in Section 3(a)(2) of the Securities Act. The Comptroller's regulations (12 C.F.R. Section 16.6) provide that a national bank meeting certain requirements that issues nonconvertible debt securities such as the Notes may offer and sell such securities pursuant to an abbreviated registration system provided for in the regulations if, among other things, such securities are offered and sold only to accredited investors in minimum denominations of U.S. $250,000. Ordinarily, the Bank's Notes are being offered and sold pursuant to such abbreviated registration system, or, in the case of the Notes with maturities of 270 days or less, pursuant to an exemption from the Comptroller's registration requirements, and each Dealer has agreed, and each other dealer will be required to agree, with the Bank that the Notes will be offered and sold by the Dealers in any initial offering hereunder only to institutional investors that are "accredited investors" within the meaning of Rule 501 under the Securities Act and that each owner of a beneficial interest in a Note will be required to hold such beneficial interest in U.S. $250,000 principal amount, or the equivalent thereof in other currencies, calculated as described herein.

Each Dealer has represented and agreed, and each further dealer or distributor will be required to agree, that, except as permitted by the Program Agreement, it will not offer or sell the Notes of any Series (1) as part of their distribution at any time and (2) otherwise until 40 calendar days after the completion of the distribution (as notified to the relevant Dealers) of all Notes of such Series issued prior to such determination, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer, distributor, or purchaser to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Furthermore, each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the relevant Dealer and the relevant Issuer that until the expiration of the "40-day restricted period" any offer or sale of the Notes shall not be made by it within the United States or to, or for the account or benefit of, a U.S. person. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 calendar days after the completion of the distribution (as notified to the relevant Dealers by the Agent based upon the determinations and certifications of such Dealers) of all Notes of a Series, an offer or sale of Notes of such Series within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Notes are also subject to restrictions pursuant to Treasury Regulations and may not be offered, sold, or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by Treasury Regulations. Terms used in this paragraph have the meanings given them by the Code and the Treasury Regulations.

Each issuance of Indexed Notes and Dual Currency Notes will be subject to such additional United States selling restrictions as the relevant Issuer and the relevant purchaser shall agree as a term of the issuance and purchase of such Notes, as indicated in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed, and each further dealer or distributor will be required to agree, that:

(1) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiration of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purpose of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(2) in relation to any Notes which have a maturity of less than one year from their date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage, or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of Notes would otherwise constitute a contravention of section 19 of the FSMA by the Corporation or the Bank;

(3) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Corporation or the Bank; and

(4) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

Each Dealer has agreed, and each further dealer or distributor will be required to agree, that without the prior written approval of the relevant Issuer, it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan and that thereafter it will not offer or sell such Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any relevant laws, regulations, and ministerial guidelines of Japan.

Germany

Each Dealer has confirmed that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Program and that it will comply with the Securities Selling Prospectus Act of Germany (*Wertpapier Verkaufsprospektgesetz*) (the "German Act"). In particular, each Dealer has undertaken not to engage in a public offering (*öffenfliche Angebot*) within the meaning of the German Act or other selling activities in Germany with respect to the Notes issued under the Program otherwise than in accordance with the German Act and any other act replacing or supplementing the German Act and all other applicable laws and regulations.

Netherlands

Each Dealer represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Notes with a denomination of less than €50,000 (or its foreign currency equivalent) other than to persons who trade or invest in securities in the conduct of a profession or business (which includes banks, stockbrokers, insurance companies, pension funds, other institutional investors, and finance companies and treasury departments of large enterprises) unless one of the other exemptions or exceptions to the prohibition contained in Article 3 of the Dutch Securities Transactions Supervision Act 1995 ("Wet toezicht effectenverkeer 1995") is applicable and the conditions attached to such exemption or exception are complied with.

GENERAL INFORMATION

Authorization

The Program, including the maximum aggregate amount of U.S. $15 billion, was authorized by resolutions of the Board of Directors of the Corporation adopted on June 27, 2001 and on March 26, 2003 and by the consent of a committee appointed by the Board of Directors dated August 1, 2003. The Program, including the maximum aggregate amount of U.S. $10 billion, was authorized by resolutions of the Board of Directors of the Bank adopted on June 28, 2000.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. A Common Code number or ISIN will be contained in the applicable Pricing Supplement. If the Notes are to clear through an additional alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

Listing

Application has been made to list on the Luxembourg Stock Exchange any Notes issued under the Program which are agreed at the time of issue to be so listed. The Corporation will apply to list on the Luxembourg Stock Exchange all InterNotes. Prior to the actual listing of any Notes, a legal notice relating to such Notes and copies of the Amended and Restated Certificate of Incorporation of the Corporation and the Amended and Restated Articles of Association of the Bank, as each may be amended, and the Bylaws of each Issuer, as each may be amended, will be deposited with the *Registre de Commerce et des Sociétés du Tribunal d'Arrondissement de et à Luxembourg,* where copies thereof will be available upon request. The Program has been registered with the Luxembourg Stock Exchange under number 10200. So long as the Notes are listed on the Luxembourg Stock Exchange, there shall be a Paying Agent with a specified office located in Luxembourg.

EU Directive on the Taxation of Savings Income

On June 3, 2003, the European Union Council of Economic and Finance Ministers adopted a directive regarding the taxation of savings income. The directive is scheduled to be applied by member states of the European Union (the "EU") from a date not earlier than January 1, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each EU member state will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other EU member state. However, Austria, Belgium, and Luxembourg may instead apply a withholding system for a transitional period in relation to these payments, deducting tax at rates rising over time to 35% (unless during that period they elect otherwise). The transitional period will begin on the date from which the directive is to be applied by EU member states, and will terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to these payments.

Euro

The third stage of the European economic and monetary union came into effect on January 1, 1999, when the value of the euro as against the currencies of the member states participating in the third stage was irrevocably fixed and the euro became a currency in its own right. Effective from January 1, 2002, the participating member currencies ceased to exist.

Documents Available

As long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, the Issuers will maintain a Paying Agent in Luxembourg. The name of the Paying Agent initially appointed in Luxembourg is the J.P. Morgan Bank Luxembourg S.A. J.P. Morgan Bank Luxembourg S.A. also has been appointed as the listing and intermediary agent in Luxembourg.

As long as any Notes remain outstanding, copies of the Amended and Restated Certificate of Incorporation of the Corporation and the Amended and Restated Articles of Association of the Bank, as each may be amended, Bylaws of each Issuer, as each may be amended, and most recent Annual Report on Form 10-K (which includes the consolidated audited financial statements of the Corporation) of the Corporation, Quarterly Report on Form 10-Q (which includes the consolidated unaudited financial statements of the Corporation) of the Corporation, and any Current Report on Form 8-K of the Corporation, the publicly available portions of Call Reports (which includes the consolidated financial statements of the Bank) of the Bank, the Amended and Restated Agency Agreement, any subscription agreements with the InterNotes Dealers, and the Program Agreement will be available for inspection without charge during normal business hours on any weekday (except Saturdays and public holidays) at the specified office of the Paying Agent and, as long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, at the office of the Paying Agent in Luxembourg, without charge. Copies of the Offering Circular, any supplements to the Offering Circular, and all Pricing Supplements prepared in connection with a Tranche of Notes listed on the Luxembourg Stock Exchange (including all issuances of InterNotes) will be available without charge at the office of the Paying Agent in Luxembourg. Copies of the publicly available portions of the Call Reports of the Bank for 2001, 2002, and 2003 will be available without charge at the office of the Paying Agent in Luxembourg.

Material Change

Except as disclosed herein or in documents incorporated by reference herein, there has been no material adverse change in the financial position of: (1) the Corporation since December 31, 2003, which is the date of the latest audited financial statements included herein, or (2) the Bank since the date of the latest Call Report incorporated herein by reference.

Litigation

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking, and other laws.

In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of pending matters will be. However, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation, including the litigation described below, will have a material adverse effect on the consolidated financial position, operations, or liquidity of the Corporation.

Bank of America Corporation

Mutual Fund Operations

On September 3, 2003, the NYAG simultaneously filed and settled a complaint against Canary Capital Partners, LLC, et al. (collectively, "Canary"). The complaint alleged, among other things, that Canary engaged in improper trading with certain mutual funds in the Nations Funds family ("Nations Funds"). Specifically, the NYAG alleged that Canary engaged in activities that it characterized as "market timing" and "late trading."

On September 16, 2003, the NYAG announced a criminal action, and the SEC announced a civil action, against a former employee of Banc of America Securities LLC ("BAS"), a subsidiary of the

Corporation. The complaints allege that this former employee played a key role in enabling Canary to engage in "late trading" of shares of Nations Funds and other mutual funds in violation of state and federal law.

The Corporation has announced that it will establish a restitution fund for shareholders of the Nations Funds who were harmed by Canary's late trading and market timing practices. In addition, the Corporation announced that it will provide restitution for shareholders of third party mutual funds who were harmed by any late trading activities by Canary that are found to have occurred through the Corporation in the event restitution is not otherwise available from Canary, its affiliates, its investors, or from any other third parties. The Corporation has also committed to return to the Nations Funds all fund management and advisory fees related to the Canary market timing agreement.

The Corporation has named several key leaders and advisors external to the Corporation to review mutual fund practices. These individuals are currently leading an independent review of the Corporation's mutual fund policies and practices, including a complete legal and regulatory compliance review of the Corporation's mutual fund business, and coordinating a detailed review of all technology, control, and compliance systems related to the mutual fund business, including all systems relating to sales, clearing, and derivative and brokerage operations.

The Corporation is developing new policies to eliminate all lending, derivatives, brokerage services, or any other services relating to mutual fund trading activity by clients known to the Corporation to engage in active mutual fund market timing not permitted by the targeted funds. The Corporation has committed that the market timing policies being established will no longer permit special exceptions.

Enron Corporation ("Enron") Securities Litigation

The Corporation was named as a defendant, along with a number of commercial and investment banks and their holding companies, certain former Enron officers and directors, law firms, and accountants, in a putative consolidated class action pending in the United States District Court for the Southern District of Texas filed on April 8, 2002 entitled Newby v. Enron. The amended complaint, which was filed in May 2003 and is now the operative complaint, alleges claims against the Corporation and BAS under Sections 11, 12, and 15 of the Securities Act related to the role of BAS as an underwriter of two public offerings of Enron debt and as an initial purchaser in a private placement of debt issued by an Enron-affiliated company. The Corporation and BAS have moved to dismiss all of the claims asserted against them in the operative complaint. That motion is fully briefed and remains pending. Plaintiffs' motion for class certification is fully briefed and remains pending.

In addition, the Corporation and certain of its affiliates have been named as defendants or third-party defendants, along with other commercial and investment banks and many other parties, in various other individual and putative class actions relating to Enron. The complaints assert claims under federal securities laws, state securities laws, and/or state common law or statutes. The majority of these actions were either filed in or have been transferred to the United States District Court for the Southern District of Texas and consolidated or coordinated with Newby v. Enron.

The Corporation cannot determine at this time the eventual outcome, timing, or impact of these matters.

WorldCom, Inc. ("WorldCom") Securities Litigation

BAS, BASL, and other underwriters of WorldCom bonds issued in 2000 and 2001, as well as former officers and directors of WorldCom and other parties, have been named as defendants in a class action lawsuit filed in the United States District Court for the Southern District of New York entitled WorldCom Securities Litigation. The operative complaint alleges claims against BAS and BASL under Sections 11 and 12 of the Securities Act in connection with 2000 and 2001 public bond offerings and is brought on behalf of purchasers and acquirers of bonds issued in or traceable to these offerings. On October 24, 2003, United States District Court Judge Denise Cote certified a class consisting of "all persons and entities who purchased or otherwise acquired publicly-traded securities of WorldCom during the period beginning April 29, 1999 through and including June 25, 2002 and who were injured thereby." Fact discovery is presently proceeding in this class action and a trial date has been set for January 10, 2005.

In addition, the Corporation, BAS, and BASL, along with other underwriters, certain holding companies affiliated with the underwriters, a former Salomon Smith Barney telecommunications analyst, certain former officers, and directors of WorldCom and WorldCom's former auditors have been named as defendants in numerous individual actions that were filed in either federal or state courts arising out of alleged accounting irregularities of the books and records of WorldCom. Plaintiffs in these actions are typically institutional investors, including state pension funds, who allegedly purchased debt securities issued by WorldCom pursuant to public offerings in 1997, 1998, 2000, or 2001. The majority of the complaints assert only claims under Section 11 of the Securities Act, but some complaints also include claims under the Exchange Act, state securities laws, other state statutes, and under common law theories. Most of these cases were filed in state court and subsequently removed (as related to WorldCom's bankruptcy) by defendants to federal courts and then transferred by the Judicial Panel for Multidistrict Litigation to the United States District Court for the Southern District of New York to be consolidated with WorldCom Securities Litigation for pre-trial purposes. Seven of these actions, which had been removed, were remanded to state courts in Alabama (2), Tennessee, Pennsylvania (3), and Illinois.

Certain plaintiffs in actions transferred to the Southern District of New York have filed an appeal to the Second Circuit Court of Appeals arguing that their actions were not properly removed to federal court because a provision in the Securities Act prevented such removals. Defendants, including the underwriters, have argued that removal was proper.

Additional complaints were filed on behalf of purchasers of WorldCom stock in state courts in Mississippi against the Corporation and BAS, as well as certain former officers and directors of WorldCom, other commercial and investment banks, and other parties. These cases have also been transferred to the United States District Court for the Southern District of New York and consolidated with WorldCom Securities Litigation for pre-trial purposes.

The Corporation cannot determine at this time the eventual outcome, timing, or impact of these matters.

Adelphia Communications Corporation ("Adelphia") Securities Litigation

The Bank and BAS are defendants in several private civil actions relating to Adelphia which have been consolidated for pre-trial purposes and are currently pending in the United States District Court for the Southern District of New York. The actions include a class action and various individual actions. BAS was a member of seven underwriting syndicates of securities issued by Adelphia, and the Bank was an agent and/or lender in connection with five credit facilities in which Adelphia subsidiaries were borrowers. Additional defendants include other members of those syndicates, underwriters for additional Adelphia securities offerings, lenders, and agents for that and other credit facilities, former Adelphia insiders, and members of its board of directors, and Adelphia's outside auditors and counsel. The complaints allege claims under the Securities Act and the Exchange Act.

The Bank and BAS are also defendants in an adversary proceeding pending in the United States Bankruptcy Court for the Southern District of New York. The proceeding is brought by the Official Committee of Unsecured Creditors in the Adelphia Bankruptcy Proceedings (the "Creditors Committee") on behalf of Adelphia; however, the Bankruptcy Court has not yet given the Creditors Committee authority to bring this lawsuit. The adversary proceeding complaint names over 400 defendants and asserts over 50 claims under federal statutes (including the Bank Holding Company Act), state common law, and various provisions of the Bankruptcy Code. The Creditors Committee seeks avoidance and recovery of payments, equitable subordination, disallowance and recharacterization of claims, and recovery of damages in an unspecified amount. The Bank, BAS, and other investment bank defendants have filed motions to dismiss. The Official Committee of Equity Security Holders in the Adelphia Bankruptcy Proceedings has filed a motion seeking to intervene in the adversary proceeding and to file its own complaint. The proposed complaint is similar to the Creditor's Committee complaint, except that it also asserts claims under the Racketeer Influenced and Corrupt Organizations Act and various state law theories.

The Corporation cannot determine at this time the eventual outcome, timing, or impact of these matters.

Paul J. Miller v. Bank of America, N.A.

On August 13, 1998, the Bank's predecessor was named as a defendant in this class action challenging its practice, consistent with the banking industry, of debiting accounts that receive, by direct deposit, governmental benefits to repay fees incurred in those accounts. The action alleges fraud, negligent misrepresentation, and violations of certain California laws. On October 16, 2001, a class was certified consisting of more than one million California residents who have, had or will have, at any time after August 13, 1994, a deposit account with the Bank into which payments of public benefits are or have been directly deposited by the government. The case proceeded to trial on January 20, 2004.

On February 25, 2004, at the conclusion of the jury phase of the trial, the jury found in the Bank's favor on three of the four claims presented to the jury. As to the fourth claim, alleging that the Bank violated certain California laws, the jury imposed damages of approximately $75 million and awarded the class representative $275,000 in emotional distress damages. The jury also assessed a $1,000 penalty as to those members of the class suffering substantial economic or emotional harm as a result of the practice but did not determine which or how many class members are entitled to the penalty. This and other legal issues remain outstanding in the trial court.

The Corporation believes that this case is without merit and plans to appeal any adverse judgment. The Corporation cannot determine at this time the eventual outcome, timing, or impact of this matter.

D.E. Shaw Litigation

Following the merger of NationsBank Corporation and BankAmerica Corporation in September 1998, the Corporation and certain of its officers and directors were named as defendants in class actions brought on behalf of persons who purchased NationsBank or BA shares between August 4, 1998 and September 30, 1998; persons who purchased shares of the Corporation between October 1 and October 13, 1998; and persons who held NationsBank or BA shares as of the merger. The claims on behalf of the purchasers and the persons who held NationsBank shares as of the merger principally rested on the allegation that the Corporation or its predecessors failed to disclose material facts concerning a $1.4 billion financial relationship between BA and D.E. Shaw & Co. that resulted in a $372 million charge to the Corporation's earnings in the quarter ending September 30, 1998. The claims of the persons who held BA shares as of the merger principally rested on the allegation that the defendants misrepresented a "takeover" of BA as a "merger of equals."

On November 2, 2002, the United States District Court for the Eastern District of Missouri (the Federal Court), the Court to which all federal actions had been transferred, entered a final judgment dismissing the actions with prejudice. The Federal Court entered the judgment after approving a settlement providing for payment of $333 million to the classes of purchasers and holders of NationsBank shares and $157 million to the classes of purchasers of BA and Corporation shares and holders of BA shares (all amounts to bear interest at the 90-day Treasury Bill Rate from March 6, 2002 to the date of payment). The Eighth Circuit Court of Appeals affirmed the judgment on appeal by certain objecting plaintiffs and class members on December 2, 2003, and denied a petition for rehearing on January 9, 2004. It is expected that, in accordance with its terms, the settlement will become final in April 2004 unless further review is sought in the Supreme Court of the United States. There remain pending several actions in California that have been stayed since April 2000, when the Federal Court enjoined the plaintiffs in those actions from purporting to prosecute their claims on behalf of a class.

Regulatory

In the course of its business, the Corporation is subject to regulatory examinations, information gathering requests, inquiries, and investigations. Two of the Corporation's subsidiaries, BAS and Banc of America Investment Services, Inc. ("BAI"), are registered broker/dealers under the federal securities laws and are subject to regulation by the SEC, the NASD, the NYSE, and state securities regulators. In connection with several, formal and informal, investigations by those agencies, BAS and BAI have received numerous requests, subpoenas, and orders for documents, testimony, and information in connection with various aspects of its regulated activities.

The SEC is currently conducting a formal investigation with respect to certain trading and research-related activities of BAS during the period 1999 through 2001. To date, the SEC staff has not indicated whether it intends to recommend any enforcement action in connection with these trading and research-related activities. On December 30, 2003, however, BAS was advised by the SEC staff that it does intend to recommend action against BAS with respect to alleged books and records violations related to the preservation and production of materials requested during the investigation of the trading and research-related activities.

On March 10, 2004, BAS announced that it had reached a settlement with the SEC to resolve alleged books and records violations relating to the investigation of trading and research-related activities. Under the settlement, BAS did not admit or deny the alleged books and records violations, but agreed to an SEC order instituting administrative proceedings against BAS, making certain factual findings, and imposing a sanction of $10 million and a cease and desist order. The SEC staff's investigation of trading and research-related activities continues.

FleetBoston Financial Corporation

In addition, FleetBoston is involved in various legal proceedings arising out of, and incidental to, its respective businesses, including the following matters:

Robertson Stephens Securities Law Actions and Investigations

During 2001, Robertson Stephens, FleetBoston's investment banking subsidiary which ceased operations during 2002, and many other underwriters, as well as various issuers and their officers and directors, were named as defendants in approximately 230 class action lawsuits alleging violations of federal securities laws in connection with the underwriting of initial public offerings, or "IPOs." The plaintiffs contend that the defendants violated the securities laws by failing to make certain required disclosures in prospectuses, by manipulating the prices of IPO securities in the aftermarkets through, among other things, alleged agreements with companies receiving allocations to purchase additional shares in the aftermarket, and by false and misleading analyst reports. Robertson Stephens and other leading underwriters also have been named as defendants in class action lawsuits under the antitrust laws alleging that the underwriters conspired to manipulate the aftermarkets for the IPO securities and to extract anticompetitive fees in connection with the IPOs. Those antitrust lawsuits have been dismissed by the New York federal district court, although that decision has been appealed. Robertson Stephens believes that it acted lawfully in respect to the foregoing allegations and is contesting these suits.

Robertson Stephens Employee-Related and Customer Claims

In connection with the decision during 2002 to wind down the operations of Robertson Stephens, numerous former employees of Robertson Stephens have filed or threatened to file actions or claims regarding their entitlement to additional compensation and benefits from Robertson Stephens and FleetBoston. In addition, a number of former customers of Robertson Stephens have filed or threatened actions or claims regarding alleged improper practices at Robertson Stephens. Robertson Stephens and FleetBoston believe that they acted lawfully in respect to the foregoing claims and intend to defend such actions and claims vigorously.

Argentina Corralito Litigation and Related Matters

In December 2001, the Argentine government issued an order imposing limitations on the ability of FleetBoston bank customers in Argentina to withdraw funds from their deposit accounts in Argentine banks (the "corralito"). Since the corralito was issued, a large number of customers of FleetBoston Argentine operations, or "BankBoston Argentina," have filed complaints in the Argentine courts against BankBoston Argentina seeking to invalidate the corralito on constitutional grounds and withdraw their funds. The court ordered many of these deposits to be paid out at original dollar value during 2002 and 2003, resulting in losses for FleetBoston of approximately $333 million. There can be no assurance that additional charges will not have to be recorded as events evolve.

Summit Bancorp Shareholders Litigation

Four class action lawsuits have been filed and consolidated in the New Jersey federal district court against FleetBoston and certain of its current and former directors and officers on behalf of former shareholders of Summit Bancorp, or "Summit." The lawsuits allege violations of the federal securities laws in connection with FleetBoston's January 25, 2001 registration statement and merger proxy statement/prospectus (and incorporated prior SEC filings) for FleetBoston's acquisition of Summit. In particular, the complaints allege that FleetBoston made false or misleading statements or omitted material facts regarding operations in Argentina and the FleetBoston loan loss provisions regarding Argentina, and that FleetBoston omitted material facts regarding its alleged knowledge of improper practices at Robertson Stephens. FleetBoston and the defendant directors and officers deny the allegations of the complaint and intend to defend the action vigorously.

Fleet Specialist, Inc.

The NYSE and the SEC have been conducting an investigation of whether trading practices by specialist firms, including FleetBoston's subsidiary, Fleet Specialist, Inc., violated certain NYSE rules and associated securities laws and regulations. Fleet Specialist has been cooperating with the SEC and NYSE and has been in discussion with the staffs of both organizations to try to resolve the issues raised by this investigation. On March 30, 2004, Fleet Specialist and certain other specialist firms entered into agreements with the SEC and NYSE to settle charges that the firms violated certain federal securities laws and NYSE rules in the course of their specialist trading activity. The settlement, which involves no admission or denial of wrongdoing, includes restitution and penalties for Fleet Specialist totaling approximately $59.1 million, a censure, cease and desist order, and certain undertakings, including the retention of an independent consultant to review compliance systems, policies, and procedures. The settlement does not resolve potential regulatory charges against individuals. Separately, putative class action complaints have been filed in New York federal district court against Fleet Specialist, FleetBoston, and other specialist firms (and their parent companies) on behalf of investors who traded stock on the NYSE between 1998 and 2003 and were allegedly disadvantaged by the improper practices of the specialist firms. Also, a putative class action complaint has been filed in California state court against certain specialist firms and individuals, including Fleet Specialist and certain of its officers, alleging violation of California state law in connection with the same alleged practices. The settlement with the SEC and NYSE, described above, does not resolve the putative class actions, although a significant portion of the payment is expected to be allocated to restitution for allegedly disadvantaged customers.

Mutual Funds

In September 2003, FleetBoston subsidiaries began receiving subpoenas and information requests from the NYAG, the SEC, the NASD, and the Massachusetts Securities Division for documents and information regarding late trading and market timing activity in mutual funds. FleetBoston and its subsidiaries have been cooperating with these investigations, while at the same time continuing their own examination of these matters, reviewing policies, processes, and personnel, and taking appropriate remedial action when called for. On February 24, 2004, the SEC filed a civil action in the Massachusetts federal district court against two FleetBoston subsidiaries, Columbia Management Advisors, Inc. and Columbia Funds Distributor, Inc., alleging that these two entities allowed certain customers to engage in short-term or excessive trading without disclosing this fact in the relevant fund prospectuses. The complaint alleged violations of federal securities laws in relation to at least nine trading arrangements pertaining to these customers during the period 1998-2003, and requested injunctive and monetary relief. A similar action was filed the same day in New York state court by the NYAG, claiming relief under New York state statutes. On March 15, 2004, FleetBoston announced an agreement in principle with the staff of the SEC and the NYAG to settle these actions. In addition, FleetBoston subsidiaries are responding to subpoenas and requests for information from banking and other regulatory and law enforcement agencies. Separately, putative class actions have been filed in the Massachusetts and New York federal district courts on behalf of those persons who acquired shares in the Columbia funds between February 13, 1999 and January 14, 2004, alleging violations of federal securities laws in relation to unspecified "market timing" arrangements.

For additional information on litigation concerning the Corporation and FleetBoston, see "Recent Developments — Litigation" beginning on page 22.

Independent Accountants

The financial statements of the Corporation as of December 31, 2003 and December 31, 2002 and for each of the three years in the period ended December 31, 2003, which are included in this Offering Circular at Annex D, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report, which also appears in Annex D. Those financial statements constitute an integral part of this Offering Circular.

INDEX OF DEFINED TERMS

The following terms shall have the meanings first set forth on the pages indicated below:

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ANNEX A

FORM OF PRICING SUPPLEMENT FOR ALL NOTES OTHER THAN EUROPEAN INTERNOTES

Pricing Supplement dated [ ]

BANK OF AMERICA CORPORATION/BANK OF AMERICA, N.A.

Issue of [Aggregate Nominal Amount of Tranche of Notes] [Title of Notes]
under the U.S. $25,000,000,000 Bank of America Corporation/Bank of America, N.A.
Euro Medium-Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated April 15, 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1. Issuer:	[Bank of America Corporation] [Bank of America, N.A.]
2. (i) Series Number:	[ ]
(ii) Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)*
3. Specified Currency or Currencies:	[ ]
4. Aggregate Nominal Amount:	[ ]
(i) Series:	[ ]
(ii) Tranche:	[ ]
5. [(i)] Issue Price:	[ ] percent of the Aggregate Nominal Amount [plus accrued interest from [*insert date*], if applicable]
[(ii)] Net proceeds:	[ ] *(Required only for listed issues)*
6. Specified Denominations:	[ ] *(If Notes issued by the Corporation are issued with a Maturity Date of less than one year from their date of issue and the proceeds of the issue are accepted in the United Kingdom, the minimum denomination may need to be £100,000 or its equivalent in any other currency)*
7. (i) Issue Date:	[ ]
(ii) Interest Commencement Date (only if not the Issue Date):	[ ]
8. Maturity Date:	[*specify date or (for Floating-Rate Notes) Interest Payment Date falling in the relevant month and year*]

9.	Interest Basis:	[[ ]% Fixed Rate] [[*specify reference rate*] +/− [ ]% Floating Rate] [Zero Coupon] [Dual Currency] [Index-Linked Interest] [Other *(specify)*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Installment] [Amortizing] [Other *(specify)*]
11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12.	Put/Call Options:	[Issuer Call] [Investor Put] [Further particulars specified below]
13.	Status of the Notes:	[Senior] [Subordinated]
14.	Listing:	[Luxembourg Stock Exchange] [Other *(specify)*] [None]
15.	Method of Distribution:	[Syndicated] [Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed-Rate Note Provisions:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[ ] percent, per annum [payable [annually/ semi-annually/ quarterly/ monthly] in arrears] *(If payable other than annually, consider amending Condition 3)*
	(ii) Interest Payment Date(s):	[[ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable additional business centers for the definition of "Business Day"*]/*not adjusted*]]
	(iii) Fixed Coupon Amount[(s)]:	[ ] per [ ] in nominal amount

(iv) Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v) Fixed Day Count Fraction:	[30/360/ Actual/Actual (ISMA)/or other]
(vi) Determination Date(s):	[ ] in each year *[Insert regular Interest Payment Dates ignoring Issue Date and Maturity Date in the case of a long or short first or last coupon. This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration.]* *(Only relevant where Fixed Day Count Fraction is Actual/Actual (ISMA))*
(vii) Other terms relating to the method of calculating interest for Fixed-Rate Notes:	[Not Applicable/*give details*]
(viii) Additional Business Center(s):	[none/specify]
17. Floating-Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining Sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)*
(i) [Interest Period(s)] [Interest Payment Dates]:	[ ]
(ii) Business Day Convention:	[Floating Rate Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [Other *(give details)*]
(iii) Additional Business Center(s):	[ ]
(iv) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] [ISDA Determination] [Other *(give details)*
(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[ ]
(vi) Screen Rate Determination:	[ ]
- Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other — including fall back provisions in the Amended and Restated Agency Agreement)*
- Interest Determination Date(s):	[ ] *(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Telerate 248 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*
(vii) ISDA Determination:	[ ]
- Floating Rate Option:	[ ]

- Designated Maturity:	[ ]
- Reset Date:	[ ]
(viii) Margin(s):	[+/-] [ ] percent, per annum
(ix) Minimum Rate of Interest:	[ ] percent, per annum
(x) Maximum Rate of Interest:	[ ] percent, per annum
(xi) Floating Day Count Fraction:	[Actual/365 or Actual/Actual (ISMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 or 360/360 or Bond Basis 30E/360 or Eurobond Basis Other] *(See Condition 3 for alternatives)*
(xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating-Rate Notes, if different from those set out in the Conditions:	[ ]
18. Zero Coupon Note Provisions:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) [Amortization] [Accrual] Yield:	[ ] percent, per annum
(ii) Reference Price:	[ ]
(iii) Any other formula/basis of determining amount payable:	[ ]
(iv) [Fixed] Day Count Fraction in relation to Early Redemption amounts and late payment:	[5(g) and 5(j) apply/*specify other (Consider applicable [Fixed] Day Count Fraction if not U.S. Dollar denominated)*
19. Index-Linked Interest Note Provisions:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Index/Formula:	[*give or annex details*]
(ii) Calculation Agent responsible for calculating the interest due:	[ ]
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
(iv) Specified Period(s)/Specified Interest Payment Dates:	[ ]
(v) Business Day Convention:	[Floating Rate Convention] [Following Business Day Convention] [Modified Following Business Convention] [Preceding Business Day Convention] [Other *(give details)*]
(vi) Additional Business Center(s):	[ ]
(vii) Minimum Rate of Interest:	[ ], per annum
(viii) Maximum Rate of Interest:	[ ], per annum
(ix) Day Count Fraction:	[ ]

20. Dual Currency Note Provisions:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Rate of Exchange or method of calculating Rate of Exchange:	[*give details*]
(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ]
(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call Option:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ]
(iii) If redeemable in part:	[ ]
(a) Minimum Redemption Amount:	[ ]
(b) Maximum Redemption Amount:	[ ]
(iv) Notice period (if other than as set out in the Conditions):	[ ]
22. Investor Put Option:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ]
(iii) Notice period (if other than as set out in the Conditions):	[ ]
23. Final Redemption Amount:	[Nominal Amount] [Other] [See Appendix]
24. Early Redemption Amount: Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Condition 5(g)):	[ ]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note] [Definitive Note] [Registered Note] *(Registered Notes will be only in global form registered to a non-United States person) (With respect to Registered Notes, insert further details in item 32.)*
26.	Additional Financial Center(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details.*] *(Note that this item relates to the place of payment, and not Interest Period end dates, to which items 16(ii), 17(ii) or 19(vi) relate)*
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28.	Details relating to Partly Paid Notes (amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences, if any, of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment):	[Not Applicable/*give details*] *(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)*
29.	Details relating to Installment Notes:	
	(i) Installment Amount(s):	[Not Applicable/*give details*]
	(ii) Installment Date(s):	[Not Applicable/*give details*]
30.	Redenomination provisions:	[Not Applicable] [The provisions in Condition 6 apply]
31.	Consolidation provisions:	[Not Applicable/*give details of consolidation with existing Series*]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilizing Manager (if any):	[Not Applicable/*give names*]
34.	If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
35.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

36.	ISIN Code:	[ ]
37.	Common Code:	[ ]
38.	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
39.	Delivery:	Delivery [*against/free of*] payment
40.	Additional Paying Agent(s):	[ ]

41.	Ratings, if different than that set out in the Offering Circular:	[ ]
42.	Tranche amount and the date of relevant Offering Circular:	[ ] [[April], 2004]

LISTING APPLICATION

[To be included with listed Notes

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the U.S. $25,000,000,000 Bank of America Corporation/Bank of America, N.A. Euro Medium-Term Note Program.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Acknowledged and accepted by:
[Bank of America Corporation]
[Bank of America, N.A.]

By: ______________________________
Name:
Title:

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ANNEX B

FORM OF PRICING SUPPLEMENT FOR EUROPEAN INTERNOTES

Pricing Supplement dated [ ]

BANK OF AMERICA CORPORATION

Issue of [Aggregate Nominal Amount of Tranche of InterNotes]
Bank of America Corporation European InterNotes®
under the U.S. $25,000,000,000 Bank of America Corporation/Bank of America, N.A.
Euro Medium-Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Bank of America Corporation European InterNotes® described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated April 15, 2004. This Pricing Supplement contains the final terms of the InterNotes and must be read in conjunction with such Offering Circular.

[Include whichever of the following apply or specify as "Not Applicable."(N/A). Note that the numbering shall remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics note directions for completing the Pricing Supplement.]

1. Issuer:	Bank of America Corporation
2. (i) Series Number:	[ ]
(ii) Tranche Number:	[ ]
3. Specified Currency or Currencies:	[U.S. Dollars/Sterling/euro]
4. Aggregate Nominal Amount:	[ ]
(i) Series:	[ ]
(ii) Tranche:	[ ]
5. (i) Issue Price:	[ ]% of the Aggregate Nominal Amount
(ii) Dealers' Commission:	[ ]
(iii) Net proceeds:	[ ]
6. Specified Denominations:	[ ]
7. Issue Date:	[ ]
8. Maturity Date:	[*specify date*]
9. Interest Basis:	[[ ]% Fixed Rate] [Floating Rate]
10. Redemption/Payment Basis:	[Redemption at par]
11. Call Options:	[Not Applicable/Issuer Call] [Further particulars specified below]
12. Status of the Notes:	Senior
13. Ratings:	[ ]
14. Listing:	Luxembourg Stock Exchange
15. Method of Distribution:	Syndicated

PROVISIONS RELATING TO INTEREST PAYABLE

[16. Fixed-Rate Note Provisions:	[Applicable]
(i) Rate[(s)] of Interest:	[ ] percent, per annum [payable [annually/ semi-annually/ quarterly/ monthly] in arrears]

(ii) Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
(iii) Fixed Coupon Amount[(s)]:	[ ] per [ ] in nominal amount
(iv) Fixed Day Count Fraction:	[30/360 in each year] [Actual/Actual (ISMA)]
(v) Additional Business Center(s):]	[ ]
[17. Floating-Rate Note Provisions:	[Applicable] *(Consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)*
(i) [Interest Period(s)] [Interest Payment Dates]:	[ ]
(ii) Business Day Convention:	Following Business Day Convention
(iii) Additional Business Center(s):	[ ]
(iv) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] [ISDA Determination] [Other *(give details)*]
(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[ ]
(vi) Screen Rate Determination:	[Applicable]
- Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other — including fall back provisions in the Amended and Restated Agency Agreement)*
- Interest Determination Date(s):	[ ] *(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Telerate 248 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*
(vii) ISDA Determination:	[Applicable]
- Floating Rate Option:	[ ]
- Designated Maturity:	[ ]
- Reset Date:	[ ]
(viii) Margin(s):	[+/-] [ ] percent, per annum
(ix) Minimum Rate of Interest:	[ ] percent, per annum
(x) Maximum Rate of Interest:	[ ] percent, per annum
(xi) Floating Day Count Fraction:	[Actual/365 or Actual/Actual (ISMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 or 360/360 or Bond Basis 30E/360 or Eurobond Basis Other] *(See Condition 3 for alternatives)*

(xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating-Rate Notes, if different from those set out in the Conditions:	[ ]

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call Option:	[Applicable]
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ]
(iii) Notice period (if other than as set out in the Conditions):	[ ]
19. Final Redemption Amount:	[ ]
20. Early Redemption Amount: Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Condition 5(g)):	[As set out in Condition 5(g)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note]
22. Redenomination provisions:	[Not Applicable] [The provisions in Condition 6 apply]

DISTRIBUTION

23. (i) Names of Managers in syndicate:	[Banc of America Securities Limited Incapital Europe Limited] [*Add any others*]
(ii) Stabilizing Manager (if any):	[None]
24. Additional selling restrictions:	See Schedule [ ] attached hereto

OPERATIONAL INFORMATION

25. ISIN Code:	[ ]
26. Common Code:	[ ]
27. WKN:	[ ]
28. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
29. Delivery:	Delivery [*against/free of*] payment
30. Tranche amount and the date of relevant Offering Circular:	[ ] [[April], 2004]

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the U.S. $25,000,000,000 Bank of America Corporation/Bank of America, N.A. Euro Medium-Term Note Program.

RESPONSIBILITY

The Issuer accepts responsibility for information contained in this Pricing Supplement.

Acknowledged and accepted by:
Bank of America Corporation

By: ____
Name:
Title:

Schedules

Each Pricing Supplement relating to InterNotes shall include the following additional information:

(a) particular selling restrictions relating to sales of InterNotes in certain specified jurisdictions;

(b) details of any additional filing or other information disclosure requirements complied with by or on behalf of the Corporation in connection with the sale of InterNotes in certain specified jurisdictions; and/or

(c) a long-form version of the terms and conditions of the InterNotes.

DEALERS

ABN AMRO Bank N.V.
250 Bishopsgate
London EC2M 4AA
United Kingdom

BA Asia Limited
2/F Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Banc of America Securities Limited
5 Canada Square
London E14 5AQ
United Kingdom

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Bear, Stearns International Limited
1 Canada Square
London E14 5AD
United Kingdom

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Credit Suisse First Boston (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Lehman Brothers International (Europe)
25 Bank Street
London E14 5LE
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
United Kingdom

EUROPEAN INTERNOTES ARRANGERS

Banc of America Securities Limited
5 Canada Square
London E14 5AQ
United Kingdom

Incapital Europe Limited
346 Kensington High Street,
Suite 600
London W14 8NS
United Kingdom

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ANNEX D

BANK OF AMERICA CORPORATION AND ITS SUBSIDIARIES
AUDITED FINANCIAL STATEMENTS

BANK OF AMERICA CORPORATION AND SUBSIDIARIES

REPORT OF MANAGEMENT

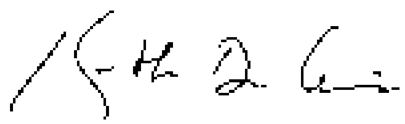
The management of Bank of America Corporation is responsible for the preparation, integrity and objectivity of the consolidated financial statements of the Corporation. The consolidated financial statements and the accompanying notes have been prepared by the Corporation in accordance with accounting principles generally accepted in the United States of America and, in the judgment of management, present fairly the Corporation's financial position and results of operations. The financial information contained elsewhere in this report is consistent with that in the consolidated financial statements. The financial statements and other financial information in this report include amounts that are based on management's best estimates and judgments giving due consideration to materiality.

The Corporation maintains a system of internal controls over financial reporting to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. However, management believes that the internal control system provides reasonable assurance that errors or irregularities that could be material to the consolidated financial statements are prevented or would be detected on a timely basis and corrected through the normal course of business. As of December 31, 2003, management believes that the internal controls over financial reporting are in place and operating effectively.

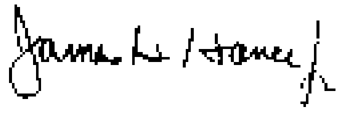
The Corporate Audit division reviews, evaluates, monitors and makes recommendations on both administrative and accounting control and acts as an integral, but independent, part of the system of internal controls.

The independent auditors were engaged to perform an independent audit of the consolidated financial statements. In determining the nature and extent of their auditing procedures, they have evaluated the Corporation's accounting policies and procedures and the effectiveness of the related internal control system. An independent audit provides an objective review of management's responsibility to report operating results and financial condition. Their report appears on page D-3.

The Board of Directors discharges its responsibility for the Corporation's consolidated financial statements through its Audit Committee. The Audit Committee has direct oversight responsibility for Corporate Audit and the independent auditors and meets periodically with these groups and management to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.



Kenneth D. Lewis
Chairman, President and Chief Executive Officer



James H. Hance, Jr.
Vice Chairman and Chief Financial Officer

BANK OF AMERICA CORPORATION AND SUBSIDIARIES

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Bank of America Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Bank of America Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
January 15, 2004

Bank of America Corporation and Subsidiaries

Consolidated Statement of Income

(Dollars in millions, except per share information)	Year Ended December 31 **2003**	2002	2001
Interest income			
Interest and fees on loans and leases	**$21,668**	$22,030	$27,279
Interest on debt securities	**3,160**	4,035	3,706
Federal funds sold and securities purchased under agreements to resell	**1,373**	870	1,414
Trading account assets	**3,935**	3,811	3,623
Other interest income	**1,507**	1,415	2,271
Total interest income	**31,643**	32,161	38,293
Interest expense			
Deposits	**4,908**	5,434	8,886
Short-term borrowings	**1,951**	2,089	4,167
Trading account liabilities	**1,286**	1,260	1,155
Long-term debt	**2,034**	2,455	3,795
Total interest expense	**10,179**	11,238	18,003
Net interest income	**21,464**	20,923	20,290
Noninterest income			
Consumer service charges	**3,230**	2,986	2,865
Corporate service charges	**2,388**	2,290	2,078
Total service charges	**5,618**	5,276	4,943
Consumer investment and brokerage services	**1,559**	1,544	1,546
Corporate investment and brokerage services	**792**	693	566
Total investment and brokerage services	**2,351**	2,237	2,112
Mortgage banking income	**1,922**	761	597
Investment banking income	**1,736**	1,545	1,579
Equity investment gains (losses)	**215**	(280)	291
Card income	**3,052**	2,620	2,422
Trading account profits	**409**	778	1,842
Other income [(1)]	**1,119**	634	562
Total noninterest income	**16,422**	13,571	14,348
Total revenue	**37,886**	34,494	34,638
Provision for credit losses	**2,839**	3,697	4,287
Gains on sales of debt securities	**941**	630	475
Noninterest expense			
Personnel	**10,446**	9,682	9,829
Occupancy	**2,006**	1,780	1,774
Equipment	**1,052**	1,124	1,115
Marketing	**985**	753	682
Professional fees	**844**	525	564
Amortization of intangibles	**217**	218	878
Data processing	**1,104**	1,017	776
Telecommunications	**571**	481	484
Other general operating	**2,902**	2,856	3,302
Business exit costs	**-**	-	1,305
Total noninterest expense	**20,127**	18,436	20,709
Income before income taxes	**15,861**	12,991	10,117
Income tax expense	**5,051**	3,742	3,325
Net income	**$10,810**	$ 9,249	$ 6,792
Net income available to common shareholders	**$10,806**	$ 9,244	$ 6,787
Per common share information			
Earnings	**$ 7.27**	$ 6.08	$ 4.26
Diluted earnings	**$ 7.13**	$ 5.91	$ 4.18
Dividends paid	**$ 2.88**	$ 2.44	$ 2.28
Average common shares issued and outstanding (in thousands)	**1,486,703**	1,520,042	1,594,957
Average diluted common shares issued and outstanding (in thousands)	**1,515,178**	1,565,467	1,625,654

(1) Other income includes whole mortgage loan sale gains totaling $772, $500 and $27 for the years ended December 31, 2003, 2002 and 2001, respectively.

See accompanying notes to consolidated financial statements.

Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet

(Dollars in millions)	December 31 **2003**	2002
Assets		
Cash and cash equivalents	**$ 27,084**	$ 24,973
Time deposits placed and other short-term investments	**8,051**	6,813
Federal funds sold and securities purchased under agreements to resell (includes **$76,446** and $44,779 pledged as collateral)	**76,492**	44,878
Trading account assets (includes **$18,722** and $35,515 pledged as collateral)	**68,547**	63,996
Derivative assets	**36,507**	34,310
Debt securities:		
Available-for-sale (includes **$20,858** and $32,919 pledged as collateral)	**67,993**	68,122
Held-to-maturity, at cost (market value - **$254** and $1,001)	**247**	1,026
Total debt securities	**68,240**	69,148
Loans and leases	**371,463**	342,755
Allowance for loan and lease losses	**(6,163)**	(6,358)
Loans and leases, net of allowance	**365,300**	336,397
Premises and equipment, net	**6,036**	6,717
Mortgage banking assets	**2,762**	2,110
Goodwill	**11,455**	11,389
Core deposit intangibles and other intangibles	**908**	1,095
Other assets	**65,063**	59,125
Total assets	**$736,445**	$660,951
Liabilities		
Deposits in domestic offices:		
Noninterest-bearing	**$ 118,495**	$ 122,686
Interest-bearing	**262,032**	232,320
Deposits in foreign offices:		
Noninterest-bearing	**3,035**	1,673
Interest-bearing	**30,551**	29,779
Total deposits	**414,113**	386,458
Federal funds purchased and securities sold under agreements to repurchase	**78,046**	65,079
Trading account liabilities	**26,844**	25,574
Derivative liabilities	**24,526**	23,566
Commercial paper and other short-term borrowings	**42,478**	25,234
Accrued expenses and other liabilities	**27,115**	17,545
Long-term debt	**75,343**	61,145
Trust preferred securities	**-**	6,031
Total liabilities	**688,465**	610,632
Commitments and contingencies (Note 13)		
Shareholders' equity		
Preferred stock, $0.01 par value; authorized - 100,000,000 shares; issued and outstanding - **1,269,600** and 1,356,749 shares	**54**	58
Common stock, $0.01 par value; authorized - 5,000,000,000 shares; issued and outstanding - **1,441,143,786** and 1,500,691,103 shares	**14**	496
Retained earnings	**50,213**	48,517
Accumulated other comprehensive income (loss)	**(2,148)**	1,232
Other	**(153)**	16
Total shareholders' equity	**47,980**	50,319
Total liabilities and shareholders' equity	**$736,445**	$660,951

See accompanying notes to consolidated financial statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in millions, shares in thousands)	Preferred Stock	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss) [(1)]	Other	Total Share-holders' Equity	Comprehensive Income
Balance, December 31, 2000	$ 72	1,613,632	$8,613	$39,815	$(746)	$(126)	$47,628	
Net income				6,792			6,792	$6,792
Net unrealized gains on available-for-sale debt and marketable equity securities					80		80	80
Net unrealized gains on foreign currency translation adjustments					15		15	15
Net unrealized gains on derivatives					1,088		1,088	1,088
Cash dividends paid:								
Common				(3,627)			(3,627)	
Preferred				(5)			(5)	
Common stock issued under employee plans and related tax benefits		27,301	1,059			62	1,121	
Common stock repurchased		(81,939)	(4,716)				(4,716)	
Conversion of preferred stock	(7)	298	7					
Other		5	113	5		26	144	
Balance, December 31, 2001	$ 65	1,559,297	$5,076	$42,980	$437	$(38)	$48,520	$7,975
Net income				9,249			9,249	$9,249
Net unrealized gains on available-for-sale debt and marketable equity securities					974		974	974
Net unrealized gains on foreign currency translation adjustments					3		3	3
Net unrealized losses on derivatives					(93)		(93)	(93)
Cash dividends paid:								
Common				(3,704)			(3,704)	
Preferred				(5)			(5)	
Common stock issued under employee plans and related tax benefits		50,004	2,611			21	2,632	
Common stock repurchased		(108,900)	(7,466)				(7,466)	
Conversion of preferred stock	(7)	265	7					
Other		25	268	(3)	(89)	33	209	(89)
Balance, December 31, 2002	$ 58	1,500,691	$496	$48,517	$1,232	$16	$50,319	$10,044
Net income				**10,810**			**10,810**	**$10,810**
Net unrealized losses on available-for-sale debt and marketable equity securities					**(564)**		**(564)**	**(564)**
Net unrealized gains on foreign currency translation adjustments					**2**		**2**	**2**
Net unrealized losses on derivatives					**(2,803)**		**(2,803)**	**(2,803)**
Cash dividends paid:								
Common				**(4,277)**			**(4,277)**	
Preferred				**(4)**			**(4)**	
Common stock issued under employee plans and related tax benefits		**69,649**	**4,372**			**(123)**	**4,249**	
Common stock repurchased		**(129,343)**	**(4,936)**	**(4,830)**			**(9,766)**	
Conversion of preferred stock	**(4)**	**147**	**4**					
Other			**78**	**(3)**	**(15)**	**(46)**	**14**	**(15)**
Balance, December 31, 2003	**$ 54**	**1,441,144**	**$14**	**$50,213**	**$(2,148)**	**$(153)**	**$47,980**	**$7,430**

(1) At December 31, 2003, 2002, and 2001, Accumulated Other Comprehensive Income (Loss) includes net unrealized gains (losses) on available-for-sale debt and marketable equity securities of $(70), $494 and $(480), respectively; net unrealized losses on foreign currency translation adjustments of $166, $168 and $171, respectively; and net unrealized gains (losses) on derivatives of $(1,808), $995 and $1,088, respectively.

See accompanying notes to consolidated financial statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Cash Flows

(Dollars in millions)	Year Ended December 31		
	2003	2002	2001
Operating activities			
Net income	**$ 10,810**	$ 9,249	$ 6,792
Reconciliation of net income to net cash provided by (used in) operating activities:			
Provision for credit losses	**2,839**	3,697	4,287
Gains on sales of debt securities	**(941)**	(630)	(475)
Business exit costs	**-**	-	1,305
Depreciation and premises improvements amortization	**890**	886	854
Amortization of intangibles	**217**	218	878
Deferred income tax benefit	**(263)**	(444)	(385)
Net increase in trading and hedging instruments	**(8,643)**	(12,357)	(19,865)
Net (increase) decrease in other assets	**7,176**	(6,880)	(14,336)
Net increase (decrease) in accrued expenses and other liabilities	**12,067**	(11,019)	5,106
Other operating activities, net	**161**	2,837	2,221
Net cash provided by (used in) operating activities	**24,313**	(14,443)	(13,618)
Investing activities			
Net increase in time deposits placed and other short-term investments	**(1,238)**	(881)	(484)
Net increase in federal funds sold and securities purchased under agreements to resell	**(31,614)**	(16,770)	(53)
Proceeds from sales of available-for-sale debt securities	**171,711**	137,702	125,824
Proceeds from maturities of available-for-sale debt securities	**26,953**	26,777	11,722
Purchases of available-for-sale debt securities	**(195,868)**	(146,010)	(126,537)
Proceeds from maturities of held-to-maturity debt securities	**779**	43	145
Proceeds from sales of loans and leases	**32,672**	28,068	10,781
Other changes in loans and leases, net	**(74,202)**	(37,184)	18,201
Purchases and originations of mortgage banking assets	**(1,637)**	(919)	(1,148)
Net purchases of premises and equipment	**(209)**	(939)	(835)
Proceeds from sales of foreclosed properties	**123**	142	353
Investment in unconsolidated subsidiary	**(1,600)**	-	-
Acquisition of business activities, net	**(140)**	(110)	(417)
Other investing activities, net	**845**	2,695	1,007
Net cash provided by (used in) investing activities	**(73,425)**	(7,386)	38,559
Financing activities			
Net increase in deposits	**27,655**	12,963	9,251
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	**12,967**	17,352	(1,684)
Net increase (decrease) in commercial paper and other short-term borrowings	**12,894**	3,017	(19,981)
Proceeds from issuance of long-term debt and trust preferred securities	**16,963**	10,850	14,853
Retirement of long-term debt and trust preferred securitites	**(9,282)**	(15,364)	(20,619)
Proceeds from issuance of common stock	**3,970**	2,373	1,019
Common stock repurchased	**(9,766)**	(7,466)	(4,716)
Cash dividends paid	**(4,281)**	(3,709)	(3,632)
Other financing activities, net	**(72)**	(66)	(51)
Net cash provided by (used in) financing activities	**51,048**	19,950	(25,560)
Effect of exchange rate changes on cash and cash equivalents	**175**	15	(57)
Net increase (decrease) in cash and cash equivalents	**2,111**	(1,864)	(676)
Cash and cash equivalents at January 1	**24,973**	26,837	27,513
Cash and cash equivalents at December 31	**$27,084**	$24,973	$26,837
Supplemental cash flow disclosures			
Cash paid for interest	**$10,214**	$11,253	$19,257
Cash paid for income taxes	**3,870**	3,999	3,121

Net consolidation of assets and liabilities of certain multi-seller asset-backed commercial paper conduits amounted to $4,350, $0 and $0 in 2003, 2002 and 2001, respectively.

Net transfers of loans and leases from loans held for sale (included in other assets) to the loan portfolio for Asset and Liability Manangement (ALM) purposes amounted to $9,683, $8,468 and $247 in 2003, 2002 and 2001, respectively.

There were no loans and loans held for sale securitized and retained in the available-for-sale debt securities portfolio in 2003 and 2002. Loans and loans held for sale securitized and retained in the available-for-sale debt securities portfolio amounted to $29,985 in 2001.

See accompanying notes to consolidated financial statements.

BANK OF AMERICA CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Bank of America Corporation and its subsidiaries (the Corporation) through its banking and nonbanking subsidiaries, provide a diverse range of financial services and products throughout the United States and in selected international markets. At December 31, 2003, the Corporation operated its banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A.) and Bank of America, N.A. (USA).

Note 1—Summary of Significant Accounting Principles

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Corporation and its majority-owned subsidiaries, and those variable interest entities (VIEs) where the Corporation is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated. Results of operations of companies purchased are included from the dates of acquisition. Certain prior period amounts have been reclassified to conform to current period classifications. Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements. The Corporation accounts for investments in companies that it owns a voting interest of 20 percent to 50 percent and for which it may have significant influence over operating and financing decisions using the equity method of accounting. These investments are included in other assets and the Corporation's proportionate share of income or loss is included in other income.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46). FIN 46 provides a new framework for identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements. FIN 46 was effective immediately for VIEs created after January 31, 2003. As of October 9, 2003, the FASB deferred compliance under FIN 46 from July 1, 2003 to the first period ending after December 15, 2003 for VIEs created prior to February 1, 2003. However, the Corporation adopted FIN 46 on July 1, 2003, as originally issued, and consolidated the assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. As of December 31, 2003, the total assets and liabilities were approximately $4.3 billion. Prior periods were not restated. Prior to FIN 46, trust preferred securities were classified as a separate liability with distributions on these securities included in interest expense on long-term debt. Upon adoption of FIN 46, $6.1 billion of trust preferred securities vehicles, which were deemed to be VIEs, were deconsolidated with the resulting liabilities to the trust companies included as a component of long-term debt with no change in the reporting of distributions. In December 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003) "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46R). FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. The Corporation anticipates adopting FIN 46R as of March 31, 2004 and does not expect that it will have a material impact on the Corporation's results of operations or financial condition. For additional information on VIEs, see Note 9 of the consolidated financial statements.

On May 15, 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" (SFAS 150) and was effective May 31, 2003 for all new and modified financial instruments and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. SFAS 150 changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. SFAS 150 requires that those instruments be classified as liabilities (or assets in some circumstances). The adoption of this rule had no impact on the Corporation's results of operations or financial condition.

On April 30, 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS 149) which is effective for hedging relationships entered into or modified after June 30, 2003. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133. The adoption of this rule did not have a material impact on the Corporation's results of operations or financial condition.

SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of FASB Statement No. 123," (SFAS 148) was adopted by the Corporation on January 1, 2003. SFAS 148 provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. SFAS 148 also amends the disclosure requirements of SFAS No. 123, “Accounting for Stock-Based Compensation,” (SFAS 123) to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Corporation adopted the fair value-based method of accounting for stock-based employee compensation costs as of January 1, 2003. In accordance with SFAS 148, the Corporation has elected to use the prospective method of adoption. All stock options granted under plans before the adoption date will continue to be accounted for under Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees,” (APB 25) unless these stock options are modified or settled subsequent to adoption. SFAS 148 was effective for all stock option awards granted in 2003 and thereafter. Under APB 25, the Corporation accounted for stock options using the intrinsic value method and no compensation expense was recognized, as the grant price was equal to the strike price. Under the fair value method, stock option compensation expense is measured on the date of grant using an option-pricing model. The option-pricing model is based on certain assumptions and changes to those assumptions may result in different fair value estimates.

In accordance with SFAS 148, the Corporation provides disclosures as if the Corporation had adopted the fair value-based method of measuring all outstanding employee stock options in 2003, 2002 and 2001 as indicated in the following table. The prospective method of accounting for stock options that the Corporation has elected to follow, as allowed by SFAS 148, recognizes the impact of only newly issued employee stock options. The following table presents the effect on net income and earnings per common share had the fair value-based method been applied to all outstanding and unvested awards for the years ended December 31, 2003, 2002 and 2001.

	Year Ended December 31		
(Dollars in millions, except per share data)	**2003**	2002	2001
Net income	**$10,810**	$9,249	$6,792
Stock-based employee compensation expense recognized during period, net of related tax effects	**78**	-	-
Stock-based employee compensation expense determined under fair value-based method, net of related tax effects [(1)]	**(225)**	(413)	(351)
Pro forma net income	**$10,663**	$8,836	$6,441
As reported			
Earnings per common share	**$7.27**	$6.08	$4.26
Diluted earnings per common share	**7.13**	5.91	4.18
Pro forma			
Earnings per common share	**7.18**	5.81	4.04
Diluted earnings per common share	**7.05**	5.64	3.96

(1) Includes all awards granted, modified or settled for which the fair value was required to be measured under SFAS 123, except restricted stock. Restricted stock expense, included in net income, for the years ended December 31, 2003, 2002 and 2001 was $276, $250 and $182, respectively.

In determining the pro forma disclosures in the previous table, the fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model and assumptions appropriate to each plan. The Black-Scholes model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. The weighted average grant date fair values of the options granted during 2003, 2002 and 2001 were based on the assumptions below. See Note 17 of the consolidated financial statements for further discussion.

	Risk-free Interest Rates			Dividend Yield		
	2003	2002	2001	**2003**	2002	2001
Key Employee Stock Plan	**3.82 %**	5.00 %	5.05 %	**4.40 %**	4.76 %	4.50 %
Broad-based plans [(1)]	**n/a**	4.14	4.89	**n/a**	4.37	5.13
	Expected Lives (Years)			**Volatility**		
	2003	2002	2001	**2003**	2002	2001
Key Employee Stock Plan	**7**	7	7	**26.57 %**	26.86 %	26.68 %
Broad-based plans [(1)]	**n/a**	4	4	**n/a**	31.02	31.62

n/a = not applicable

(1) There were no options granted under broad-based plans in 2003.

Compensation expense under the fair value-based method is recognized over the vesting period of the related stock options. Accordingly, the pro forma results of applying SFAS 123 in 2003, 2002 and 2001 may not be indicative of future amounts.

FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees," (FIN 45) was issued in November 2002. FIN 45 requires that a liability be recognized at the inception of certain guarantees for the fair value of the obligation, including the ongoing obligation to stand ready to perform over the term of the guarantee. Guarantees, as defined in FIN 45, include contracts that contingently require the Corporation to make payments to a guaranteed party based on changes in an underlying that is related to an asset, liability or equity security of the guaranteed party, performance guarantees, indemnification agreements or indirect guarantees of indebtedness of others. The accounting provisions of FIN 45 were effective for certain guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Corporation's results of operations or financial condition. In addition, FIN 45 requires certain additional disclosures that are located in Notes 9 and 13 of the consolidated financial statements.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities — Deferral of Effective Date of Financial Accounting Standards Board Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities — an amendment of FASB Statement No. 133," also subsequently amended by SFAS 149, was adopted by the Corporation on January 1, 2001. The impact of adopting SFAS 133 to net income was a loss of $52 million (net of related income tax benefits of $31 million) and a net transition gain of $9 million (net of related income taxes of $5 million) included in other comprehensive income on January 1, 2001.

Cash and Cash Equivalents

Cash on hand, cash items in the process of collection, and amounts due from correspondent banks and the Federal Reserve Bank are included in cash and cash equivalents.

Securities Purchased under Agreements to Resell and Securities Sold under Agreements to Repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. The Corporation's policy is to obtain the use of securities purchased under agreements to resell. The market value of the underlying securities, which collateralize the related receivable on agreements to resell, is monitored, including accrued interest. Additional collateral is requested when deemed appropriate.

Collateral
The Corporation has accepted collateral that it is permitted by contract or custom to sell or repledge. At December 31, 2003, the fair value of this collateral was approximately $86.9 billion of which $62.8 billion was sold or repledged. At December 31, 2002, the fair value of this collateral was approximately $47.9 billion of which $29.9 billion was sold or repledged. The primary source of this collateral is reverse repurchase agreements. The Corporation pledges securities as collateral in transactions that consist of repurchase agreements, public and trust deposits, Treasury tax and loan notes, and other short-term borrowings. This collateral can be sold or repledged by the counterparties to the transactions.

In addition, the Corporation obtains collateral in connection with its derivative activities. Required collateral levels vary depending on the credit risk rating and the type of counterparty. Generally, the Corporation accepts collateral in the form of cash, U.S. Treasury securities and other marketable securities.

Trading Instruments
Financial instruments utilized in trading activities are stated at fair value. Fair value is generally based on quoted market prices. If quoted market prices are not available, fair values are estimated based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. Realized and unrealized gains and losses are recognized in trading account profits.

Derivatives and Hedging Activities
All derivatives are recognized on the Consolidated Balance Sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements which allow the Corporation to settle positive and negative positions with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The Corporation designates a derivative as held for trading or hedging purposes when it enters into a derivative contract. Derivatives designated as held for trading activities are included in the Corporation's trading portfolio with changes in fair value reflected in trading account profits. Some credit derivatives used by the Corporation do not qualify for hedge accounting under SFAS 133 and despite being effective economic hedges, changes in the fair value of these derivatives are included in trading account profits.

The Corporation formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions as required by SFAS 133. Additionally, the Corporation uses regression analysis at the hedge's inception and quarterly thereafter to assess whether the derivative used in its hedging transaction is expected to be or has been highly effective in offsetting changes in the fair value or cash flows of the hedged items. The Corporation discontinues hedge accounting when it is determined that a derivative is not expected to be or has ceased to be highly effective as a hedge, and then reflects changes in fair value in earnings.

The Corporation uses its derivatives designated for hedging activities as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The Corporation manages interest rate and foreign currency exchange rate sensitivity predominantly through the use of derivatives. Fair value hedges are used to limit the Corporation's exposure to changes in the fair value of its fixed interest-earning assets or interest-bearing liabilities that are due to interest rate or foreign exchange volatility. Cash flow hedges are used to minimize the variability in cash flows of interest-bearing assets or liabilities or anticipated transactions caused by interest rate or foreign exchange fluctuation. Changes in the fair value of derivatives designated for hedging activities that are highly effective as hedges are recorded in earnings or other comprehensive income, depending on whether the hedging relationship satisfies the criteria for a fair value or cash flow hedge, respectively. Hedge ineffectiveness and gains and losses on the excluded component of a derivative in assessing hedge effectiveness are recorded in earnings. SFAS 133 retains certain concepts under SFAS No. 52, "Foreign Currency Translation," (SFAS 52) for foreign currency exchange hedging. Consistent with SFAS 52, the Corporation records changes in the fair value of derivatives used as hedges of the net investment in foreign operations as a component of other comprehensive income.

The Corporation from time to time purchases or issues financial instruments containing embedded derivatives. The embedded derivative is separated from the host contract and carried at fair value if the economic characteristics of the derivative are not clearly and closely related to the economic characteristics of the host contract. To the extent that the Corporation cannot reliably identify and measure the embedded derivative, the entire contract is carried at fair value on the Consolidated Balance Sheet with changes in fair value reflected in earnings.

If a derivative instrument in a fair value hedge is terminated or the hedge designation removed, the difference between a hedged item's then carrying amount and its face amount is recognized into income over the original hedge period. Similarly, if a derivative instrument in a cash flow hedge is terminated or the hedge designation removed, related amounts accumulated in other comprehensive income are reclassified into earnings over the original hedge period during which the hedged item affects income.

Securities

Debt securities are classified based on management's intention on the date of purchase and recorded on the Consolidated Balance Sheet as of the trade date. Debt securities, which management has the intent and ability to hold to maturity, are classified as held-to-maturity and reported at amortized cost. Securities that are bought and held principally for the purpose of resale in the near term are classified as trading instruments and are stated at fair value with unrealized gains and losses included in trading account profits. All other debt securities are classified as available-for-sale and carried at fair value with net unrealized gains and losses included in shareholders' equity on an after-tax basis.

Interest on debt securities, including amortization of premiums and accretion of discounts, are included in interest income. Realized gains and losses from the sales of securities are determined using the specific identification method.

Marketable equity securities, which are included in other assets, are carried at fair value. Net unrealized gains and losses are included in shareholders' equity, on an after-tax basis; income is included in noninterest income. Venture capital investments for which there are active market quotes are carried at estimated fair value, subject to liquidity discounts, sales restrictions or regulatory rules. Net unrealized gains and losses are recorded in noninterest income. Venture capital investments for which there are not active market quotes are initially valued at cost. Subsequently, these investments are adjusted to reflect changes in valuation as a result of initial public offerings or other-than-temporary declines in value.

Loans and Leases

Loans are reported at their outstanding principal balances net of any unearned income, charge-offs, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to income over the lives of the related loans. Unearned income, discounts and premiums are amortized to income using methods that approximate the interest method.

The Corporation provides equipment financing to its customers through a variety of lease arrangements. Direct financing leases are carried at the aggregate of lease payments receivable plus estimated residual value of the leased property, less unearned income. Leveraged leases, which are a form of financing lease, are carried net of nonrecourse debt. Unearned income on leveraged and direct financing leases is amortized over the lease terms by methods that approximate the interest method.

Allowance for Credit Losses

The allowance for credit losses which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in our lending activities. The allowance for loan and lease losses represents our estimated probable losses in our funded commercial and consumer loans and leases while our reserve for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, represents estimated probable losses in these off-balance sheet credit instruments. Credit exposures, excluding derivative assets and trading account assets, deemed to be uncollectible are charged against these accounts. Cash recovered on previously charged off amounts are credited to these accounts.

The Corporation performs periodic and systematic detailed reviews of its lending portfolios to identify credit risks and to assess the overall collectibility of those portfolios. The allowance on certain homogeneous loan portfolios, which generally consist of consumer loans, is based on aggregated portfolio segment evaluations generally by product type. Loss forecast models are utilized for these segments which consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic conditions and credit scores. The remaining portfolios are reviewed on an individual loan basis. Loans subject to individual reviews are analyzed and segregated by risk according to the Corporation's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, current economic conditions and performance trends within specific portfolio segments, and any other pertinent information (including individual valuations on nonperforming loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," (SFAS 114)) result in the estimation of the allowance for credit losses.

If necessary, a specific allowance for loan and lease losses is established for individual impaired commercial loans. A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the agreement. Once a loan has been identified as individually impaired, management measures impairment in accordance with SFAS 114. Individually impaired loans are measured based on the present value of payments expected to be received, observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. If the recorded investment in impaired loans exceeds the measure of estimated fair value, a specific allowance is established as a component of the allowance for loan and lease losses.

Components of the allowance for loan and lease losses are allocated to cover the estimated probable losses in each loan and lease category based on the results of the Corporation's detail review process described above. The specific component continues to be weighted toward the commercial loan portfolio, which reflects a higher level of nonperforming loans and the potential for higher individual losses. The formula component of the allocated allowance covers performing commercial loans and leases, and consumer loans. The remaining or general component of the allowance for loan and lease losses, determined separately from the procedures outlined above, includes the imprecision inherent in the forecasting methodologies, as well as domestic and global economic uncertainty. Management assesses each of these components to determine the overall level of the general portion. The relationship of the general component to the total allowance for loan and lease losses may fluctuate from period to period. Management evaluates the adequacy of the allowance for loan and lease losses based on the combined total of specific, formula and general components.

The process of extending credit through unfunded lending commitments also exposes the Corporation to credit risk. We use a process to determine credit exposure in our portfolio of unfunded lending commitments similar to the one described above for the loans and leases portfolio.

Allowance for credit losses related to the lending portfolio and unfunded lending commitments are reported on the Consolidated Balance Sheet in the allowance for loan and lease losses, and accrued expenses and other liabilities, respectively. Provision for credit losses related to the loans and leases portfolio and unfunded lending commitments are both reported in the Consolidated Statement of Income in the provision for credit losses.

Nonperforming Loans

Commercial loans and leases that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, including loans that are individually identified as being impaired, are generally classified as nonperforming loans unless well-secured and in the process of collection. Loans whose contractual terms have been restructured in a manner which grants a concession to a borrower experiencing financial difficulties, without compensation on restructured loans, are classified as nonperforming until the loan is performing for an adequate period of time under the restructured agreement. In situations where the Corporation does not receive adequate compensation, the restructuring is considered a troubled debt restructuring. Interest accrued but not collected is reversed when a commercial loan is classified as nonperforming. Interest collections on commercial nonperforming loans and leases for which the ultimate collectibility of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to income when received.

Credit card loans are charged off at 180 days past due or 60 days from notification of bankruptcy filing and are not classified as nonperforming. Unsecured consumer loans and deficiencies in non-real estate secured loans are charged off at 120 days past due and not classified as nonperforming. Real estate secured consumer loans are placed on nonaccrual and classified as nonperforming at 90 days past due. The amount deemed uncollectible on real estate secured loans is charged off at 180 days past due.

Loans Held for Sale

Loans held for sale include residential mortgage, loan syndications, and to a lesser degree commercial real estate, consumer finance and other loans, and are carried at the lower of aggregate cost or market value. Loans held for sale are included in other assets.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. Estimated lives range up to 40 years for buildings, up to 12 years for furniture and equipment and the shorter of lease term or estimated useful life for leasehold improvements.

Mortgage Banking Assets

The mortgage servicing rights (MSRs) and Excess Spread Certificates (the Certificates) generated by the Corporation's Mortgage Selling and Servicing Contracts are classified as mortgage banking assets (MBAs) on the Consolidated Balance Sheet. The MSR component represents the contractually specified servicing fees and, in certain instances, float on escrow balances, net of the Corporation's cost to service, and the Certificates represent a retained financial interest in certain cash flows of the underlying mortgage loans. The MSRs are accounted for on a lower-of-cost or market basis. The Certificates are carried at estimated fair value with the mark-to-market adjustment reported in trading account profits. The Corporation seeks to manage changes in value of the MSR and the Certificates due to changes in prepayment rates by entering into derivative financial instruments such as purchased options and interest rate swaps. The derivative instruments are carried at estimated fair value with the corresponding adjustment reported in trading account profits. The Corporation values the Certificates using an option-adjusted spread model which requires several key components including, but not limited to, proprietary prepayment models and term structure modeling via Monte Carlo simulation. The fair value of the Certificates was $2.3 billion and $1.6 billion at December 31, 2003 and 2002, respectively. The carrying value of the MSRs was $466 million and $492 million at December 31, 2003 and 2002, respectively. Total loans serviced were $246.5 billion and $264.5 billion at December 31, 2003 and 2002 respectively, including loans serviced on behalf of the Corporation's banking subsidiaries.

The Corporation allocated the total cost of mortgage loans originated for sale or purchased between the cost of the loans, and when applicable, the Certificates and the MSRs based on the relative fair values of the loans, the Certificates and the MSRs. MSRs acquired separately are capitalized at cost. The Corporation recorded $1.6 billion and $884 million of MBAs during 2003 and 2002, respectively. The cost of MSRs was amortized in proportion to and over the estimated period that servicing revenues were recognized.

Mortgage banking income includes certificate and servicing fees, ancillary servicing income, mortgage production fees, and gains and losses on sales of loans to the secondary market.

Goodwill and Other Intangibles

Net assets of companies acquired in purchase transactions are recorded at fair value at the date of acquisition, as such, the historical cost basis of individual assets and liabilities are adjusted to reflect their fair value. Identified intangibles are amortized on an accelerated or straight-line basis over the period benefited. Goodwill is not amortized but is reviewed for potential impairment on an annual basis, or if events or circumstances indicate a potential impairment, at the reporting unit level. The impairment test is performed in two phases. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired; however, if the carrying amount of the reporting unit exceeds its fair value, an additional procedure must be performed. That additional procedure compares the implied fair value of the reporting unit's goodwill (as defined in SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142)) with the carrying amount of that goodwill. An impairment loss is recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. In 2003 and 2002, goodwill was tested for impairment and no impairment charges were recorded.

Other intangible assets are evaluated for impairment if events and circumstances indicate a possible Impairment. Such evaluation of other intangible assets is based on undiscounted cash flow projections. At December 31, 2003, intangible assets included on the Consolidated Balance Sheet consist of core deposit intangibles that are amortized using an estimated range of anticipated lives of 6 to 20 years.

Special Purpose Financing Entities

In the ordinary course of business, the Corporation supports its customers' financing needs by facilitating the customers' access to different funding sources, assets and risks. In addition, the Corporation utilizes certain financing arrangements to meet its balance sheet management, funding, liquidity, and market or credit risk management needs. These financing entities may be in the form of corporations, partnerships or limited liability companies, or trusts, and are generally not consolidated on the Corporation's balance sheet. The majority of these activities are basic term or revolving securitization vehicles for credit card or mortgage securitizations. These vehicles are generally funded through termamortizing debt structures designed to be paid off based on the underlying cash flows of the assets securitized.

Securitizations
The Corporation securitizes, sells and services interests in residential mortgage, consumer finance, commercial and credit card loans. When the Corporation securitizes assets, it may retain interest-only strips, one or more subordinated tranches and, in some cases, a cash reserve account, all of which are considered retained interests in the securitized assets. Gains upon sale of the assets depend, in part, on the Corporation's allocation of the previous carrying amount of the assets to the retained interests. Previous carrying amounts are allocated in proportion to the relative fair values of the assets sold and interests retained.

Quoted market prices, if available, are used to obtain fair values. Generally, quoted market prices for retained interests are not available; therefore, the Corporation estimates fair values based upon the present value of the associated expected future cash flows. This may require management to estimate credit losses, prepayment speeds, forward yield curves, discount rates and other factors that impact the value of retained interests. See Note 9 of the consolidated financial statements for further discussion.

The excess cash flows expected to be received over the amortized cost of the retained interest is recognized as interest income using the effective yield method. If the fair value of the retained interest has declined below its carrying amount and there has been an adverse change in estimated contractual cash flows of the underlying assets, then such decline is determined to be other-than-temporary and the retained interest is written down to fair value with a corresponding adjustment to earnings.

Other Special Purpose Financing Entities
Other special purpose financing entities are generally funded with short-term commercial paper and are similarly paid down through the cash flow or sale of the underlying assets. These financing entities are usually contractually limited to a narrow range of activities that facilitate the transfer of or access to various types of assets or financial instruments and provide the investors in the transaction protection from creditors of the Corporation in the event of bankruptcy or receivership of the Corporation. These financing entities are governed by SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125," (SFAS 140). In certain situations, the Corporation provides liquidity commitments and/or loss protection agreements. See Note 13 of the consolidated financial statements for further discussion.

The Corporation evaluates whether these entities should be consolidated by applying accounting principles generally accepted in the United States and interpretations that generally provide that a financing entity is not consolidated if both the control, and risks and rewards of the assets in the financing entity are not retained by the Corporation. In determining whether the financing entity should be consolidated, the Corporation considers whether the entity is a qualifying special purpose entity (QSPE) as defined in SFAS 140. For sales treatment, SFAS 140 requires that the financing entity be legally isolated, bankruptcy remote and beyond the control of the seller, which generally applies to securitizations. See Note 9 of the consolidated financial statements for further discussion. For non-QSPE structures or VIEs, the FASB issued FIN 46 that addresses identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements. This guidance applies to certain transactions and requires an assessment of whether sufficient risks and rewards of ownership have passed based on assessing the voting rights, control of the entity and the existence of substantive third party equity investment. For additional information on the consolidation of VIEs, see Recently Issued Accounting Pronouncements on page 75 and Note 9 of the consolidated financial statements.

Income Taxes
There are two components of income tax expense: current and deferred. Current income tax expense approximates cash to be paid or refunded for taxes for the applicable period. Deferred tax assets and liabilities are recognized due to differences in the basis of assets and liabilities as measured by tax laws and their basis as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods.

Recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards and tax credits will be realized. A valuation allowance is recorded for the amount of the deferred tax items for which it is more likely than not that realization will not occur.

Retirement Benefits
The Corporation has established qualified retirement plans covering substantially all full-time and certain part-time employees. Pension expense under these plans is charged to current operations and consists of several components of net pension cost based on various actuarial assumptions regarding future experience under the plans.

In addition, the Corporation has established unfunded supplemental benefit plans and supplemental executive retirement plans for selected officers of the Corporation and its subsidiaries that provide benefits that cannot be paid from a qualified retirement plan due to Internal Revenue Code restrictions. These plans are nonqualified under the Internal Revenue Code and assets used to fund benefit payments are not segregated from other assets of the Corporation; therefore, in general, a participant's or beneficiary's claim to benefits under these plans is as a general creditor.

In addition, the Corporation has established several postretirement healthcare and life insurance benefit plans.

Other Comprehensive Income
The Corporation records unrealized gains and losses on available-for-sale debt and marketable equity securities, foreign currency translation adjustments, related hedges of net investments in foreign operations and gains and losses on cash flow hedges in other comprehensive income (OCI) in shareholders' equity. Gains and losses on available-for-sale debt and marketable equity securities are reclassified to net income as the gains or losses are realized upon sale of the securities. Other-than-temporary impairment charges are reclassified to net income at the time of the charge. Translation gains or losses on foreign currency translation adjustments are reclassified to net income upon the sale or liquidation of investments in foreign operations. Gains or losses on derivatives are reclassified to net income as the hedged item affects earnings.

Earnings Per Common Share
Earnings per common share is computed by dividing net income available to common shareholders by the weighted average common shares issued and outstanding. For diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. This adjusted net income is divided by the weighted average number of common shares issued and outstanding for each period plus amounts representing the dilutive effect of stock options outstanding, restricted stock units and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effects of convertible preferred stock, restricted stock units and stock options are excluded from the computation of diluted earnings per common share in periods in which the effect would be antidilutive. Dilutive potential common shares are calculated using the treasury stock method.

Foreign Currency Translation
Assets, liabilities and operations of foreign branches and subsidiaries are recorded based on the functional currency of each entity. For certain of the foreign operations, the functional currency is the local currency, in which case the assets, liabilities and operations are translated, for consolidation purposes, at current exchange rates from the local currency to the reporting currency, the U.S. dollar. The resulting unrealized gains or losses are reported as a component of accumulated OCI within shareholders' equity on an after-tax basis. When the foreign entity is not a free-standing operation or is in a hyperinflationary economy, the functional currency used to measure the financial statements of a foreign entity is the U.S. dollar. In these instances, the resulting realized gains or losses are included in income.

Co-Branding Credit Card Arrangements
The Corporation has co-brand arrangements that entitle a cardholder to receive benefits, such as airline frequent-flyer points, based on purchases made with the card. These arrangements have remaining terms not exceeding six years. The Corporation may pay one-time fees which would be deferred ratably over the term of the arrangement. The Corporation makes monthly payments to the co-brand partners based on the volume of cardholders' purchases and on the number of points awarded to cardholders. Such payments are expensed as incurred and are recorded as contra-revenue.

Note 2—Merger-related Activity

On October 27, 2003, the Corporation and FleetBoston Financial Corporation (FleetBoston) announced a definitive agreement to merge. The merger will be a stock-for-stock transaction currently estimated to be approximately $46.0 billion. The acquisition will be accounted for using the purchase method of accounting and each share of FleetBoston common stock will be exchanged for 0.5553 of a share of the Corporation's common stock, resulting in the issuance of approximately 600 million shares of the Corporation's common stock. FleetBoston shareholders will receive cash instead of any fractional shares of the Corporation's common stock that would have otherwise been issued at the completion of the merger. Also, substantially all of the FleetBoston stock options vest upon completion of the merger and will be converted into the Corporation's stock options. Additionally, each share of FleetBoston preferred stock will be exchanged for one share of the Corporation's preferred stock. The agreement has been approved by both boards of directors and is subject to customary regulatory and shareholder approvals. The closing is expected in April of 2004.

Note 3—Exit Charges

On August 15, 2001, the Corporation announced that it was exiting its auto leasing and subprime real estate lending businesses. As a result of this strategic decision, the Corporation recorded pre-tax exit charges in the third quarter of 2001 of $1.7 billion ($1.3 billion after-tax) consisting of provision for credit losses of $395 million and noninterest expense of $1.3 billion. Business exit costs within noninterest expense consisted of the write-off of goodwill of $685 million, auto lease residual charges of $400 million, real estate servicing asset charges of $145 million and other transaction costs of $75 million. The subprime real estate loan portfolio was securitized in the fourth quarter of 2001. Approximately $42 million and $82 million of subprime real estate loans remained in loans held for sale in other assets at December 31, 2003 and 2002, respectively. At the exit date, the auto lease portfolio consisted of approximately 495,000 units with total residual exposure of $6.8 billion. At December 31, 2003, approximately 112,000 units remained with a residual exposure of $1.5 billion compared to approximately 227,000 units with a residual exposure of $3.0 billion at December 31, 2002.

Note 4—Securities

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt and marketable equity securities and held-to-maturity debt securities at December 31, 2003, 2002 and 2001 were:

(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
2003				
Available-for-sale debt securities				
U.S. Treasury securities and agency debentures	**$ 710**	**$ 5**	**$ 2**	**$ 713**
Mortgage-backed securities	**56,405**	**63**	**575**	**55,893**
Foreign sovereign securities	**2,815**	**24**	**38**	**2,801**
Other taxable securities	**6,375**	**35**	**69**	**6,341**
Total taxable	**66,305**	**127**	**684**	**65,748**
Tax-exempt securities	**2,167**	**79**	**1**	**2,245**
Total available-for-sale debt securities	**$ 68,472**	**$ 206**	**$ 685**	**$ 67,993**
Available-for-sale marketable equity securities(1)	**$ 1,192**	**$ 394**	**$ 31**	**$ 1,555**
2002				
Available-for-sale debt securities				
U.S. Treasury securities and agency debentures	$ 691	$ 20	$ -	$ 711
Mortgage-backed securities	58,813	847	5	59,655
Foreign sovereign securities	2,235	30	103	2,162
Other taxable securities	2,691	25	38	2,678
Total taxable	64,430	922	146	65,206
Tax-exempt securities	2,824	96	4	2,916
Total available-for-sale debt securities	$ 67,254	$ 1,018	$ 150	$ 68,122
Available-for-sale marketable equity securities(1)	$ 1,165	$ 19	$ 127	$ 1,057
2001				
Available-for-sale debt securities				
U.S. Treasury securities and agency debentures	$ 1,271	$ 17	$ 8	$ 1,280
Mortgage-backed securities	73,546	381	826	73,101
Foreign sovereign securities	3,213	54	123	3,144
Other taxable securities	4,739	11	108	4,642
Total taxable	82,769	463	1,065	82,167
Tax-exempt securities	2,324	5	46	2,283
Total available-for-sale debt securities	$ 85,093	$ 468	$ 1,111	$ 84,450
Available-for-sale marketable equity securities(1)	$ 648	$ 45	$ 157	$ 536
Held-to-maturity debt securities				
2003				
Mortgage-backed securities	**$ 1**	**$ -**	**$ -**	**$ 1**
Foreign sovereign securities	**49**	-	**3**	**46**
Other taxable securities	**46**	**3**	**-**	**49**
Total taxable	**96**	**3**	**3**	**96**
Tax-exempt securities	**151**	**7**	**-**	**158**
Total held-to-maturity debt securities	**$ 247**	**$ 10**	**$ 3**	**$ 254**
2002				
Mortgage-backed securities	$ 3	$ -	$ -	$ 3
Foreign sovereign securities	788	10	49	749
Other taxable securities	45	4	-	49
Total taxable	836	14	49	801
Tax-exempt securities	190	10	-	200
Total held-to-maturity debt securities	$ 1,026	$ 24	$ 49	$ 1,001
2001				
U.S. Treasury securities and agency debentures	$ 5	$ -	$ -	$ 5
Mortgage-backed securities	5	-	-	5
Foreign sovereign securities	797	5	54	748
Other taxable securities	26	1	-	27
Total taxable	833	6	54	785
Tax-exempt securities	216	9	1	224
Total held-to-maturity debt securities	$ 1,049	$ 15	$ 55	$ 1,009

(1) Available-for-sale marketable equity securities are recorded in other assets on the Consolidated Balance Sheet.

At December 31, 2003, net unrealized losses on available-for-sale debt and marketable equity securities included in shareholders' equity were $70 million, net of the related income tax benefit of $46 million. At December 31, 2002, net unrealized gains on these securities were $494 million, net of the related income tax expense of $266 million.

The following table presents the current fair value and the associated unrealized losses only on investments in debt securities with unrealized losses at December 31, 2003. Unrealized losses on marketable equity securities at December 31, 2003 were not considered material. The table also discloses whether these securities have had unrealized losses for less than 12 months, or for 12 months or longer.

	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
Debt securities						
U.S. Treasury securities and agency debentures	$ 210	$ (2)	$ -	$ -	$ 210	$ (2)
Mortgage-backed securities[1]	41,067	(575)	12	-	41,079	(575)
Foreign sovereign securities	71	(7)	266	(31)	337	(38)
Other taxable securities	4,036	(69)	-	-	4,036	(69)
Tax-exempt securities[1]	20	(1)	22	-	42	(1)
Total temporarily-impaired debt securities	$ 45,404	$ (654)	$ 300	$ (31)	$ 45,704	$ (685)

(1) Unrealized losses less than $500,000 are shown as zero.

The unrealized losses associated with U.S. Treasury securities and agency debentures, mortgage-backed securities, certain foreign sovereign securities, other taxable securities and tax-exempt securities are not considered to be other-than-temporary because their unrealized losses are related to changes in interest rates and do not affect the expected cash flows of the underlying collateral or issuer. The Corporation also has unrealized losses associated with other foreign sovereign securities; however, these losses are not considered other-than-temporary because the principal of these securities is guaranteed by the U. S. government.

Excluding securities issued by the U.S. government and its agencies and corporations (including the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)), there were no investments in securities from one issuer that exceeded 10 percent of consolidated shareholders' equity at December 31, 2003 or 2002.

Securities are pledged or assigned to secure borrowed funds, government and trust deposits and for other purposes. The carrying value of pledged securities was $20.9 billion and $32.9 billion at December 31, 2003 and 2002, respectively.

The expected maturity distribution and yields of the Corporation's securities portfolio at December 31, 2003 are summarized in the following table. Actual maturities may differ from the contractual or expected maturities shown below since borrowers may have the right to prepay obligations with or without prepayment penalties.

	Due in 1 year or less		Due after 1 year through 5 years		Due after 5 years through 10 years		Due after 10 years[1]		Total	
(Dollars in millions)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Fair value of available-for-sale debt securities										
U.S. Treasury securities and agency debentures	$ 42	2.35 %	$ 554	3.03 %	$ 96	4.14 %	$ 21	5.54 %	$ 713	3.09 %
Mortgage-backed securities	18	5.42	21,824	4.79	34,016	5.01	35	9.00	55,893	4.93
Foreign sovereign securities	188	3.99	1,627	2.12	79	5.35	907	3.77	2,801	2.88
Other taxable securities	34	3.64	4,015	8.47	630	5.09	1,662	5.59	6,341	7.37
Total taxable	282	3.79	28,020	5.13	34,821	5.01	2,625	5.01	65,748	5.06
Tax-exempt securities [2]	7	4.79	12	5.59	968	6.08	1,258	6.60	2,245	6.36
Total available-for-sale debt securities	$ 289	3.81 %	$ 28,032	5.13 %	$ 35,789	5.04 %	$ 3,883	5.53 %	$ 67,993	5.10 %
Amortized cost of available-for-sale debt securities	$ 288		$ 28,149		$ 36,152		$ 3,885		$ 68,472	
Amortized cost of held-to-maturity debt securities										
Mortgage-backed securities	$ -	- %	$ 1	1.62 %	$ -	- %	$ -	- %	$ 1	1.62 %
Foreign sovereign securities	7	3.73	27	2.09	-	-	15	6.75	49	3.75
Other taxable securities	-	-	-	-	46	6.00	-	-	46	6.02
Total taxable	7	3.73	28	2.07	46	6.00	15	6.75	96	4.82
Tax-exempt securities [2]	25	9.97	52	8.99	42	8.11	32	5.95	151	8.26
Total held-to-maturity debt securities	$ 32	8.61 %	$ 80	6.57 %	$ 88	7.01 %	$ 47	6.21 %	$ 247	6.92 %
Fair value of held-to-maturity debt securities	$ 33		$ 88		$ 87		$ 46		$ 254	

(1) Includes securities with no stated maturity.
(2) Yield of tax-exempt securities calculated on a fully taxable-equivalent basis.

The components of realized gains and losses on sales of debt securities for 2003, 2002 and 2001 were:

(Dollars in millions)	**2003**	2002	2001
Gross gains	**$1,246**	$1,035	$1,074
Gross losses	**(305)**	(405)	(599)
Net gains on sales of debt securities	**$ 941**	$ 630	$ 475

The income tax expense attributable to realized net gains on debt securities sales was $329 million, $220 million and $166 million in 2003, 2002 and 2001, respectively.

Note 5—Trading Account Assets and Liabilities

The Corporation engages in a variety of trading–related activities that are either for clients or its own account. The fair values of the components of trading account assets and liabilities at December 31, 2003 and 2002 were:

	December 31	
(Dollars in millions)	**2003**	2002
Trading account assets		
U.S. government and agency securities	**$16,073**	$19,875
Corporate securities, trading loans, and other	**25,647**	21,286
Equity securities	**11,445**	5,380
Mortgage trading loans and asset-backed securities	**8,221**	8,703
Foreign sovereign debt	**7,161**	8,752
Total	**$68,547**	$63,996
Trading account liabilities		
U.S. government and agency securities	**$ 7,304**	$ 8,531
Equity securities	**8,863**	4,825
Corporate securities, trading loans, and other	**5,379**	7,320
Foreign sovereign debt	**5,276**	3,465
Mortgage trading loans and asset-backed securities	**22**	1,433
Total	**$26,844**	$25,574

Note 6—Derivatives

The Corporation designates a derivative as held for trading or hedging purposes when it enters into the derivative contract. The designation may change based upon management's intentions and changing circumstances. Derivatives utilized by the Corporation include swaps, financial futures and forward settlement contracts, and option contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Financial futures and forward settlement contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined rate or price during a period or at a time in the future. Option agreements can be transacted on organized exchanges or directly between parties. The Corporation also provides credit derivatives to customers who wish to hedge existing credit exposures or take on credit exposure to generate revenue.

Credit Risk Associated with Derivative Activities

Credit risk associated with derivatives is measured as the net replacement cost should the counterparties with contracts in a gain position to the Corporation completely fail to perform under the terms of those contracts assuming no recoveries of underlying collateral. In managing derivative credit risk, both the current exposure, which is the replacement cost of contracts on the measurement date, as well as an estimate of the potential change in value of contracts over their remaining lives are considered. The Corporation's derivative activities are primarily with commercial banks, broker/dealers and corporations. To minimize credit risk, the Corporation enters into legally enforceable master netting agreements, which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon occurrence of certain events. In addition, the Corporation reduces credit risk by obtaining collateral based on individual assessment of counterparties. The determination of the need for and the levels of collateral will vary depending on the Corporation's credit risk rating of the counterparty. Generally, the Corporation accepts collateral in the form of cash, U.S. Treasury securities and other marketable securities. The Corporation held $24.0 billion of collateral on derivative positions, of which $15.7 billion could be applied against credit risk at December 31, 2003.

A portion of the derivative activity involves exchange-traded instruments. Exchange-traded instruments conform to standard terms and are subject to policies set by the exchange involved, including counterparty approval, margin requirements and security deposit requirements. Management believes the credit risk associated with these types of instruments is minimal.

The following table presents the contract/notional and credit risk amounts at December 31, 2003 and 2002 of the Corporation's derivative positions held for trading and hedging purposes. These derivative positions are primarily executed in the over-the-counter market. The credit risk amounts presented in the following table do not consider the value of any collateral held but take into consideration the effects of legally enforceable master netting agreements.

Derivatives (1)

	December 31, 2003		December 31, 2002	
(Dollars in millions)	**Contract/ Notional**	**Credit Risk**	Contract/ Notional	Credit Risk
Interest rate contracts				
Swaps	**$8,873,600**	**$ 14,893**	$6,781,629	$ 18,981
Futures and forwards	**2,437,907**	**633**	2,510,259	283
Written options	**1,174,014**	**-**	973,113	-
Purchased options	**1,132,486**	**3,471**	907,999	3,318
Foreign exchange contracts				
Swaps	**260,210**	**4,473**	175,680	2,460
Spot, futures and forwards	**775,105**	**4,202**	724,039	2,535
Written options	**138,474**	**-**	81,263	-
Purchased options	**133,512**	**669**	80,395	452
Equity contracts				
Swaps	**30,850**	**364**	16,830	679
Futures and forwards	**3,234**	**-**	48,470	-
Written options	**25,794**	**-**	19,794	-
Purchased options	**24,119**	**5,370**	23,756	2,885
Commodity contracts				
Swaps	**15,491**	**1,554**	11,776	1,117
Futures and forwards	**5,726**	**-**	3,478	-
Written options	**11,695**	**-**	12,158	-
Purchased options	**7,223**	**294**	19,115	347
Credit derivatives	**136,788**	**584**	92,098	1,253
Total derivative assets		**$36,507**		$34,310

(1) Includes both long and short derivative positions.

The average fair value of derivative assets for 2003 and 2002 was $34.9 billion and $25.3 billion, respectively. The average fair value of derivative liabilities for 2003 and 2002 was $23.9 billion and $17.3 billion, respectively.

ALM Process

Interest rate contracts and foreign exchange contracts are utilized in the Corporation's ALM process. The Corporation maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect net interest income. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in market value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation. Interest income and interest expense on hedged variable-rate assets and liabilities, respectively, increases or decreases as a result of interest rate fluctuations. Gains and losses on the derivative instruments that are linked to these hedged assets and liabilities are expected to substantially offset this variability in earnings.

Interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options and futures, allow the Corporation to manage its interest rate risk position. Non-leveraged generic interest rate swaps involve the exchange of fixed-rate and variable-rate interest payments based on the contractual underlying notional amount. Basis swaps involve the exchange of interest payments based on the contractual underlying notional amounts, where both the pay rate and the receive rate are floating rates based on different indices. Option products primarily consist of caps, floors, swaptions and options on index futures contracts. Futures contracts used for the ALM process are primarily index futures providing for cash payments based upon the movements of an underlying rate index.

The Corporation uses foreign currency contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Corporation's equity investments in foreign subsidiaries. Foreign exchange contracts, which include spot, futures and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Foreign exchange option contracts are similar to interest rate option contracts except that they are based on currencies rather than interest rates. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

Fair Value and Cash Flow Hedges

The Corporation uses various types of interest rate and foreign currency exchange rate derivative contracts to protect against changes in the fair value of its fixed-rate assets and liabilities due to fluctuations in interest rates and exchange rates. The Corporation also uses these contracts to protect against changes in the cash flows of its variable-rate assets and liabilities, and anticipated transactions. In 2003, the Corporation recognized in the Consolidated Statement of Income a net loss of $101 million (included in interest income) related to fair value hedges. This loss represents the expected change in the forward values of forward contracts and was excluded from the assessment of hedge effectiveness. In 2002, the Corporation recognized in the Consolidated Statement of Income a net loss of $22 million (included in interest income) that was excluded from the assessment of hedge effectiveness related to fair value hedges. In 2003, the Corporation recognized in the Consolidated Statement of Income net gains of $26 million (included in mortgage banking income) that represented the amount excluded from the assessment of hedge effectiveness related to cash flow hedges. In 2002, the Corporation recognized in the Consolidated Statement of Income a net loss of $28 million (included in interest income and mortgage banking income) that represented the amount excluded from the assessment of hedge effectiveness related to cash flow hedges. At December 31, 2003 and 2002, the Corporation has determined that there were no hedging positions where it was probable that certain forecasted transactions may not occur within the originally designated time period. The Corporation did not recognize material amounts in the Consolidated Statement of Income related to ineffectiveness of fair value or cash flow hedges in 2003 or 2002.

For cash flow hedges, gains and losses on derivative contracts reclassified from accumulated OCI to current period earnings are included in the line item in the Consolidated Statement of Income in which the hedged item is recorded and in the same period the hedged item affects earnings. During the next 12 months, net gains on derivative instruments included in accumulated OCI, of approximately $825 million (pre-tax) are expected to be reclassified into earnings. These net gains reclassified into earnings are expected to increase income or decrease expense on the respective hedged items.

Hedges of Net Investments in Foreign Operations

The Corporation uses forward exchange contracts, currency swaps and nonderivative cash instruments that provide an economic hedge on portions of its net investments in foreign operations against adverse movements in foreign currency exchange rates. In 2003 and 2002, the Corporation experienced net unrealized foreign currency pre-tax gains of $197 million and $103 million, respectively, related to its net investments in foreign operations. These unrealized gains were partially offset by net unrealized pre-tax losses of $194 million and $102 million, respectively, related to derivative and nonderivative instruments designated as hedges of the foreign currency exposure during these same periods. These unrealized gains and losses were recorded as components of accumulated OCI.

Note 7—Outstanding Loans and Leases

Outstanding loans and leases at December 31, 2003 and 2002 were:

	December 31	
(Dollars in millions)	**2003**	2002
Commercial - domestic	**$96,644**	$105,053
Commercial - foreign	**15,293**	19,912
Commercial real estate - domestic	**19,043**	19,910
Commercial real estate - foreign	**324**	295
Total commercial	**131,304**	145,170
Residential mortgage	**140,513**	108,197
Home equity lines	**23,859**	23,236
Direct/Indirect consumer	**33,415**	31,068
Consumer finance	**5,589**	8,384
Credit card	**34,814**	24,729
Foreign consumer	**1,969**	1,971
Total consumer	**240,159**	197,585
Total (1)	**$371,463**	$342,755

(1) Includes lease financings of $11,376 and $14,332 at December 31, 2003 and 2002, respectively.

The following table presents the recorded investment in specific loans, without consideration to the specific component of the allowance for loan and lease losses that were considered individually impaired in accordance with SFAS 114 at December 31, 2003 and 2002. SFAS 114 impairment includes certain performing troubled debt restructurings, and excludes all commercial leases.

	December 31	
(Dollars in millions)	**2003**	2002
Commercial - domestic	**$1,404**	$2,553
Commercial - foreign	**581**	1,355
Commercial real estate - domestic	**151**	157
Commercial real estate - foreign	**2**	2
Total impaired loans	**$2,138**	$4,067

The average recorded investment in certain impaired loans for 2003, 2002 and 2001 was approximately $3.0 billion, $3.9 billion and $3.7 billion, respectively. At December 31, 2003 and 2002, the recorded investment in impaired loans requiring an allowance for credit losses based on individual analysis per SFAS 114 guidelines was $2.0 billion and $4.0 billion, and the related allowance for credit losses was $391 million and $919 million, respectively. For 2003, 2002 and 2001, interest income recognized on impaired loans totaled $105 million, $156 million and $195 million, respectively, all of which was recognized on a cash basis.

At December 31, 2003 and 2002, nonperforming loans, including certain loans that were considered impaired, totaled $2.9 billion and $5.0 billion, respectively. In addition, included in other assets was $202 million and $120 million of nonperforming assets at December 31, 2003 and 2002, respectively. Foreclosed properties amounted to

$148 million and $225 million at December 31, 2003 and 2002, respectively. The cost of carrying foreclosed properties amounted to $3 million, $7 million and $15 million in 2003, 2002 and 2001, respectively.

Note 8—Allowance for Credit Losses

The table below summarizes the changes in the allowance for credit losses for 2003, 2002 and 2001:

(Dollars in millions)	**2003**	2002	2001
Allowance for loan and lease losses, January 1	**$ 6,358**	$ 6,278	$ 6,365
Loans and leases charged off	**(3,867)**	(4,460)	(4,844)
Recoveries of loans and leases previously charged off	**761**	763	600
Net charge-offs	**(3,106)**	(3,697)	(4,244)
Provision for loan and lease losses	**2,916**	3,801	4,163
Other, net	**(5)**	(24)	(6)
Allowance for loan and lease losses, December 31	**$ 6,163**	$ 6,358	$ 6,278
Reserve for unfunded lending commitments, January 1	**$ 493**	$ 597	$ 473
Provision for unfunded lending commitments	**(77)**	(104)	124
Reserve for unfunded lending commitments, December 31	**$ 416**	$ 493	$ 597
Total	**$ 6,579**	$ 6,851	$ 6,875

Note 9—Special Purpose Financing Entities

The Corporation securitizes assets and may retain a portion or all of the securities, subordinated tranches, interest-only strips and, in some cases, a cash reserve account, all of which are considered retained interests in the securitized assets. Those assets may be serviced by the Corporation or by third parties to whom the servicing has been sold. See Note 1 of the consolidated financial statements for a more detailed discussion of securitizations.

Mortgage-related Securitizations

The Corporation securitizes the majority of its mortgage loan originations in conjunction with or shortly after loan closing. In 2003 and 2002, the Corporation converted a total of $121.1 billion (including $13.0 billion originated by other entities on behalf of the Corporation) and $53.7 billion (including $2.8 billion originated by other entities on behalf of the Corporation), respectively, of residential first mortgages into mortgage-backed securities issued through Fannie Mae, Freddie Mac, Government National Mortgage Association (Ginnie Mae) and Banc of America Mortgage Securities. At December 31, 2003, the Corporation retained $1.7 billion of securities. The Corporation did not retain any of the securities issued in 2002. At December 31, 2002, $1.8 billion of securities issued prior to 2002 had been retained. These retained interests are valued using quoted market values.

For 2003, the Corporation reported $2.4 billion in gains on loans converted into securities and sold, of which $2.0 billion was from loans originated by the Corporation and $381 million was from loans originated by other entities on behalf of the Corporation. For 2002, the Corporation reported $480 million in gains on loans converted into securities and sold, of which $408 million was from loans originated by the Corporation and $72 million was from loans originated by other entities on behalf of the Corporation. At December 31, 2003, the Corporation had recourse obligations of $531 million with varying terms up to seven years on loans that had been securitized and sold.

In addition to the retained interests in the securities, the Corporation has retained the servicing asset and the Certificates from securitized mortgage loans (see the Mortgage Banking Assets section of Note 1 of the consolidated financial statements). Mortgage Certificate and servicing fee income on all loans serviced, including securitizations, was $738 million and $944 million in 2003 and 2002, respectively.

The Certificates of $2.3 billion at December 31, 2003 and $1.6 billion at December 31, 2002 are classified as MBAs and marked to market with gains or losses recorded in trading account profits. At December 31, 2003, key economic assumptions and the sensitivities of the valuations of the Certificates and MSRs to immediate changes in those assumptions were analyzed. The sensitivity analysis included the impact on fair value of modeled prepayment and discount rate changes under favorable and adverse conditions. A decrease of 10 percent and 20 percent in modeled prepayments would result in an increase in value ranging from $134 million to $282 million, and an increase in modeled prepayments of 10 percent and 20 percent would result in a decrease in value ranging from $122 million to $234 million. A decrease of 100 and 200 basis points (bps) in the discount rate would result in an increase in value ranging from $119 million to $248 million, and an increase in the discount rate of 100 and 200 bps would result in a decrease in value ranging from $110 million to $211 million. See Note 1 of the consolidated financial statements for additional disclosures related to the Certificates.

Other Securitizations

In December 2001, in conjunction with the strategic decision to exit the subprime real estate lending business, the Corporation securitized $17.5 billion of subprime real estate loans in two bond-insured transactions and retained all of the related AAA-rated securities in the available-for-sale portfolio. During 2002, the Corporation re-securitized and sold $10.4 billion of those securities to third parties. At December 31, 2003 and 2002, $2.1 billion and $3.5 billion, respectively, of the AAA-rated securities remained in the available-for-sale portfolio.

The Corporation has provided protection on a subset of one consumer finance securitization in the form of a guarantee with a maximum payment of $220 million that is only paid out if over-collateralization is not sufficient to absorb losses and certain other conditions are met. The Corporation projects no payments will be due over the life of the contract, which is approximately two years.

Key economic assumptions used in measuring the fair value of certain residual interests (included in other assets) in securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions are as follows:

	Credit Card		Consumer Finance [1]	
(Dollars in millions)	**2003**	2002	**2003**	2002
Carrying amount of residual interests (at fair value)	**$ 76**	$ 123	**$ 328**	$ 395
Balance of unamortized securitized loans [2]	**1,782**	4,732	**9,409**	15,545
Weighted-average life to call (in years) [3]	**1.43**	1.47	**1.64**	3.04
Revolving structures - annual payment rate	**14.9 %**	14.2 %		
Amortizing structures - annual constant prepayment rate:				
Fixed rate loans			**7.8-32.6 %**	9.3-29.1 %
Adjustable rate loans			**27.0-42.41 %**	27.0 %
Impact on fair value of 100 bps favorable change	**$ -**	$ 3	**$ (11)**	$ -
Impact on fair value of 200 bps favorable change	**-**	7	**(15)**	2
Impact on fair value of 100 bps adverse change	**-**	(3)	**4**	(1)
Impact on fair value of 200 bps adverse change	**-**	(5)	**11**	(2)
Expected credit losses [4]	**5.3 %**	5.6 %	**4.6-11.02 %**	4.2-10.0 %
Impact on fair value of 10% favorable change	**$ 2**	$ 6	**$ 37**	$ 40
Impact on fair value of 25% favorable change	**5**	15	**100**	115
Impact on fair value of 10% adverse change	**(2)**	(7)	**(37)**	(36)
Impact on fair value of 25% adverse change	**(5)**	(16)	**(82)**	(79)
Residual cash flows discount rate (annual rate)	**6.0 %**	6.0 %	**15.0-30.0 %**	15.0-30.0 %
Impact on fair value of 100 bps favorable change	**$ -**	$ -	**$ 8**	$ 14
Impact on fair value of 200 bps favorable change	**-**	-	**16**	29
Impact on fair value of 100 bps adverse change	**-**	-	**(8)**	(13)
Impact on fair value of 200 bps adverse change	**-**	-	**(15)**	(26)

(1) Consumer finance includes subprime real estate loan and manufactured housing loan securitizations, which are all serviced by third parties.

(2) Balances represent securitized loans at December 31, 2003 and 2002. At December 31, 2003 and 2002, the Corporation retained in the available-for-sale portfolio $2.1 billion and $3.5 billion, respectively, of the AAA-rated bonds created from the December 2001 subprime real estate loan securitizations.

(3) Before any optional clean-up calls are executed, economic analyses will be performed.

(4) Annual rates of expected credit losses are presented for credit card and commercial - domestic securitizations. Cumulative lifetime rates of expected credit losses (incurred plus projected) are presented for consumer finance loans.

The sensitivities in the preceding table and related to the Certificates are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. Additionally, the Corporation has the ability to hedge interest rate risk associated with retained residual positions. The above sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

Static pool net credit losses are considered in determining the value of retained interests. Static pool net credit losses include actual losses incurred plus projected credit losses divided by the original balance of each securitization pool. Expected static pool net credit losses at December 31, 2003 were 5.83 percent, 9.91 percent, 8.22 percent, 5.50 percent and 10.83 percent for 2001, 1999, 1998, 1997 and 1995, respectively. Expected static pool net credit losses at December 31, 2002 were 6.86 percent, 8.28 percent, 6.69 percent, 5.30 percent, 4.87 percent and 6.27 percent for 2001, 1999, 1998, 1997, 1996 and 1995, respectively.

Proceeds from collections reinvested in revolving credit card securitizations were $14.7 billion and $16.1 billion in 2003 and 2002, respectively. Other cash flows received from retained interests that represent amounts received on retained interests by the transferor other than servicing fees such as cash flows from interest-only strips, were $279 million and $451 million in 2003 and 2002, respectively, for credit card securitizations.

The Corporation reviews its loans and leases portfolio on a managed basis. Managed loans and leases are defined as on-balance sheet loans and leases as well as securitized credit card loans. New advances under previously securitized accounts will be recorded on the Corporation's balance sheet after the revolving period of the securitization, which has the effect of increasing loans on the Corporation's balance sheet and increasing net interest income and charge-offs, with a corresponding reduction in noninterest income. Portfolio balances, delinquency and historical loss amounts of the managed loans and leases portfolio for 2003 and 2002 were as follows:

	December 31, 2003			December 31, 2002		
(Dollars in millions)	**Total Principal Amount of Loans and Leases**	**Principal Amount of Loans Past Due 90 Days or More(1)**	**Principal Amount of Nonperforming Loans**	Total Principal Amount of Loans and Leases	Principal Amount of Loans Past Due 90 Days or More(1)	Principal Amount of Nonperforming Loans
Commercial - domestic	**$96,644**	**$110**	**$1,507**	$105,053	$132	$2,781
Commercial - foreign	**15,293**	**29**	**586**	19,912	-	1,359
Commercial real estate - domestic	**19,043**	**23**	**140**	19,910	91	161
Commercial real estate - foreign	**324**	**-**	**2**	295	-	3
Total commercial	**131,304**	**162**	**2,235**	145,170	223	4,304
Residential mortgage	**140,513**	**-**	**531**	108,197	-	612
Home equity lines	**23,859**	**-**	**43**	23,236	-	66
Direct/Indirect consumer	**33,415**	**47**	**28**	31,068	56	30
Consumer finance	**5,589**	**35**	**32**	8,384	61	19
Credit card	**36,596**	**647**	**-**	29,461	502	-
Foreign consumer	**1,969**	**-**	**4**	1,971	-	6
Total consumer	**241,941**	**729**	**638**	202,317	619	733
Total managed loans and leases	**373,245**	**$891**	**$2,873**	347,487	$842	$5,037
Loans in revolving securitizations	**(1,782)**			(4,732)		
Total held loans and leases	**$371,463**			$342,755		

	Year Ended December 31, 2003			Year Ended December 31, 2002		
(Dollars in millions)	**Average Loans and Leases Outstanding**	**Loans and Leases Net Losses**	**Net Loss Ratio (2)**	Average Loans and Leases Outstanding	Loans and Leases Net Losses	Net Loss Ratio (2)
Commercial - domestic	**$99,000**	**$757**	**0.76 %**	$110,073	$1,471	1.34 %
Commercial - foreign	**17,489**	**306**	**1.75**	21,287	521	2.45
Commercial real estate - domestic	**19,740**	**41**	**0.21**	21,161	37	0.18
Commercial real estate - foreign	**302**	**-**	**-**	408	-	-
Total commercial	**136,531**	**1,104**	**0.81**	152,929	2,029	1.33
Residential mortgage	**127,059**	**40**	**0.03**	97,204	42	0.04
Home equity lines	**22,890**	**11**	**0.05**	22,807	26	0.11
Direct/Indirect consumer	**32,593**	**181**	**0.55**	30,264	210	0.69
Consumer finance	**6,888**	**212**	**3.08**	10,533	255	2.42
Credit card	**31,552**	**1,691**	**5.36**	27,352	1,443	5.28
Other consumer - domestic	**-**	**39**	**n/m**	-	36	n/m
Foreign consumer	**1,977**	**5**	**0.24**	2,021	5	0.25
Total consumer	**222,959**	**2,179**	**0.98**	190,181	2,017	1.06
Total managed loans and leases	**359,490**	**$3,283**	**0.91 %**	343,110	$4,046	1.18 %
Loans in revolving securitizations	**(3,342)**			(6,291)		
Total held loans and leases	**$356,148**			$336,819		

n/m = not meaningful

(1) Excludes consumer real estate loans, which are placed on nonperforming status at 90 days past due.

(2) The net loss ratio is calculated by dividing managed loans and leases net losses by average managed loans and leases outstanding for each loan and lease category.

Variable Interest Entities
In January 2003, the FASB issued FIN 46 that addresses VIEs. The Corporation adopted FIN 46 on July 1, 2003 and consolidated approximately $12.2 billion of assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. The Corporation entered into a transaction in October 2003 that resulted in the deconsolidation of approximately $8.0 billion of the previously consolidated assets and liabilities related to one of these entities (the Entity). The Entity's issuance of a subordinated note to a third party reduced our exposure to the Entity's losses under liquidity and credit agreements as these agreements are senior to the subordinated note issued. There was no impact to net income as a result of the deconsolidation. There was no material impact to Tier 1 Capital as a result of consolidation or the subsequent deconsolidation and prior periods were not restated. There was no material impact to net income as a result of applying FIN 46 on July 1, 2003. In December 2003, the FASB issued FIN 46R. FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. The Corporation anticipates adopting FIN 46R as of March 31, 2004 and does not expect that it will have a material impact on the Corporation's results of operations or financial condition. At December 31, 2003, the remaining consolidated assets and liabilities were reflected in available-for-sale debt securities, other assets, and commercial paper and other short-term borrowings in the *Global Corporate and Investment Banking* business segment. As of December 31, 2003, the Corporation's loss exposure associated with these entities including unfunded lending commitments was approximately $6.4 billion.

Additionally, the Corporation had significant involvement with other VIEs that it did not consolidate because it was not deemed to be the primary beneficiary. In such cases, the Corporation does not absorb the majority of the entities' expected losses nor does it receive a majority of the entities' expected residual returns, or both. These entities facilitate client transactions, and the Corporation functions as administrator for all of these and provides either liquidity and letters of credit or derivatives to the VIE. The Corporation typically obtains variable interests in these types of entities at the inception of the transaction. Total assets of these entities at December 31, 2003 and 2002 were approximately $28.7 billion and $11.1 billion, respectively; revenues associated with administration, liquidity, letters of credit and other services were approximately $334 million in 2003 and $341 million in 2002. At December 31, 2003 and 2002, the Corporation's loss exposure associated with these VIEs was approximately $17.7 billion and $5.1 billion, respectively, which is net of amounts syndicated.

Additionally, the Corporation had contractual relationships with other VIEs that engaged in leasing or lending activities and were consolidated by the Corporation prior to FIN 46. The amount of assets of these entities as of December 31, 2003 was $1.5 billion and the Corporation's maximum possible loss exposure was $1.3 billion.

Management does not believe losses resulting from its involvement with the entities discussed above will be material. See Note 1 of the consolidated financial statements for additional discussion of special purpose financing entities.

Note 10—Goodwill and Other Intangibles

At December 31, 2003 and 2002, allocated goodwill was $7.7 billion in *Consumer and Commercial Banking*, $1.5 billion in *Asset Management* and $134 million in *Equity Investments*. At December 31, 2003 and 2002, goodwill was $2.1 billion and $2.0 billion, respectively, in *Global Corporate and Investment Banking*.

In accordance with SFAS 142, no goodwill amortization was recorded in 2003 or 2002. Goodwill amortization expense in 2001 was $662 million. Net income in 2001 was $6.8 billion or $4.26 per common share ($4.18 per diluted common share). Net income adjusted to exclude goodwill amortization expense would have been $7.4 billion or $4.64 per common share ($4.56 per diluted common share) in 2001. The impact of goodwill amortization on net income in 2001 was $616 million or $0.38 per common share (basic and diluted).

The gross carrying value and accumulated amortization related to core deposit intangibles and other intangibles at December 31, 2003 and 2002 are presented below:

	December 31, 2003		December 31, 2002	
(Dollars in millions)	**Gross Carrying Value**	**Accumulated Amortization**	Gross Carrying Value	Accumulated Amortization
Core deposit intangibles	**$1,495**	**$886**	$1,495	$726
Other intangibles	**787**	**488**	757	431
Total	**$2,282**	**$1,374**	$2,252	$1,157

Amortization expense on core deposit intangibles and other intangibles was $217 million, $218 million and $216 million in 2003, 2002 and 2001, respectively. The Corporation estimates that aggregate amortization expense will be $216 million for 2004, $214 million for 2005, $206 million for 2006, $125 million for 2007 and $61 million for 2008.

Note 11—Deposits

The Corporation had domestic certificates of deposit of $100 thousand or more totaling $32.8 billion and $23.0 billion at December 31, 2003 and 2002, respectively. The Corporation had other domestic time deposits of $100 thousand or more totaling $1.0 billion and $977 million at December 31, 2003 and 2002, respectively. Foreign certificates of deposit and other foreign time deposits of $100 thousand or more totaled $15.4 billion and $16.4 billion at December 31, 2003 and 2002, respectively.

The following table presents the maturities of domestic certificates of deposit of $100 thousand or more and of other domestic time deposits of $100 thousand or more at December 31, 2003.

(Dollars in millions)	Three months or less	Over three months to six months	Over six months to twelve months	Thereafter	Total
Certificates of deposit of $100 thousand or more	$ 13,569	$ 7,163	$ 7,684	$ 4,351	$ 32,767
Other time deposits of $100 thousand or more	77	73	117	772	1,039

At December 31, 2003, the scheduled maturities for total time deposits were as follows:

(Dollars in millions)	
Due in 2004	$ 95,412
Due in 2005	7,055
Due in 2006	2,624
Due in 2007	2,356
Due in 2008	1,442
Thereafter	1,615
Total	$ 110,504

Note 12—Short-term Borrowings and Long-term Debt

Short-term Borrowings

Bank of America Corporation and certain other subsidiaries issue commercial paper in order to meet short-term funding needs. Commercial paper outstanding at December 31, 2003 was $7.6 billion compared to $114 million at December 31, 2002.

Bank of America, N.A. maintains a domestic program to offer up to a maximum of $50.0 billion, at any one time, of bank notes with fixed or floating rates and maturities of at least seven days from the date of issue. Short-term bank notes outstanding under this program totaled $3.3 billion at December 31, 2003 compared to $1.0 billion at December 31, 2002. These short-term bank notes, along with Treasury tax and loan notes, term federal funds purchased and commercial paper, are reflected in commercial paper and other short-term borrowings on the Consolidated Balance Sheet.

Long-term Debt
The following table presents long-term debt at December 31, 2003 and 2002:

	December 31	
(Dollars in millions)	**2003**	2002
Notes issued by Bank of America Corporation [1,2]		
Senior notes :		
Fixed, ranging from 0.73% to 7.50%, due 2004 to 2028	**$ 8,219**	$ 7,896
Floating, ranging from 0.20% to 6.20%, due 2004 to 2043	**28,669**	19,294
Subordinated notes:		
Fixed, ranging from 3.95% to 8.57%, due 2004 to 2033	**2,299**	14,158
Floating, ranging from 0.60% to 2.38%, due 2005 to 2037	**16,742**	5,167
Junior subordinated notes related to trust preferred securities: [3]		
Fixed, ranging from 7.70% to 8.25%, due 2026 to 2027	**2,127**	-
Floating, ranging from 1.37% to 1.88%, due 2027 to 2033	**3,344**	-
Total notes issued by Bank of America Corporation	**61,400**	46,515
Notes issued by Bank of America, N.A. and other subsidiaries [1,2]		
Senior notes:		
Fixed, ranging from 0% to 8.50%, due 2004 to 2033	**606**	2,223
Floating, ranging from 1.01% to 2.93%, due 2004 to 2011	**3,491**	3,229
Subordinated notes:		
Fixed, 9.50%, due 2004	**300**	401
Floating, 1.16%, due 2019	**8**	8
Total notes issued by Bank of America, N.A. and other subsidiaries	**4,405**	5,861
Notes issued by NB Holdings Corporation [1,2]		
Junior subordinated notes related to trust preferred securities: [3]		
Fixed, ranging from 7.95% to 8.06%, due 2026	**515**	-
Floating, 1.78% due 2027	**258**	-
Total notes issued by NB Holdings Corporation	**773**	-
Other debt		
Advances from the Federal Home Loan Bank - Georgia	**2,750**	2,749
Advances from the Federal Home Loan Bank - Oregon	**5,989**	5,992
Other	**26**	28
Total other debt	**8,765**	8,769
Total	**$75,343**	$61,145

(1) Fixed-rate and floating-rate classifications as well as interest rates include the effect of interest rate swap contracts.

(2) Rates and maturity dates reflect outstanding debt at December 31, 2003.

(3) Trust preferred securitites vehicles were deconsolidated in 2003 with the resulting liabilities to the trust companies included as a component of long-term debt.

The majority of the floating rates are based on three- and six-month London InterBank Offered Rates (LIBOR). Bank of America Corporation and Bank of America, N.A. maintain various domestic and international debt programs to offer both senior and subordinated notes. The notes may be denominated in U.S. dollars or foreign currencies. Foreign currency contracts are used to convert certain foreign currency-denominated debt into U.S. dollars.

At December 31, 2003 and 2002, Bank of America Corporation was authorized to issue approximately $26.0 billion and $37.5 billion, respectively, of additional corporate debt and other securities under its existing shelf registration statements. At December 31, 2003 and 2002, Bank of America, N.A. was authorized to issue approximately $25.9 billion and $28.2 billion, respectively, of bank notes and Euro medium-term notes.

Including the effects of interest rate contracts for certain long-term debt issuances, the weighted average effective interest rates for total long-term debt, total fixed-rate debt and total floating-rate debt (based on the rates in effect at December 31, 2003) were 2.36 percent, 6.01 percent and 1.41 percent, respectively, at December 31, 2003 and (based on the rates in effect at December 31, 2002) were 3.56 percent, 6.46 percent and 1.49 percent, respectively, at December 31, 2002. These obligations were denominated primarily in U.S. dollars.

Aggregate annual maturities of long-term debt obligations (based on final maturity dates) at December 31, 2003 are as follows:

(Dollars in millions)	2004	2005	2006	2007	2008	Thereafter	Total
Bank of America Corporation	$ 6,832	$ 3,745	$ 8,693	$ 3,745	$ 3,745	$ 33,795	$ 60,555
Bank of America, N.A.	1,456	160	808	5	452	2,297	5,178
Other	3,905	1,500	2,700	501	4	155	8,765
Total	$ 12,193	$ 5,405	$ 12,201	$ 4,251	$ 4,201	$ 36,247	$ 74,498

On January 28, 2004, the Board of Directors authorized Bank of America Corporation to file a Shelf Registration Statement with the Securities and Exchange Commission (SEC). The Shelf Registration Statement was filed with the SEC on February 11, 2004 and covers $30.0 billion in debt and equity securities.

On January 15, 2004, Bank of America, N.A. completed a $60.0 billion Bank Note Offering Circular covering senior and subordinated bank notes. The Offering Circular was filed with the Office of the Comptroller of the Currency (OCC).

Subsequent to December 31, 2003 through February 25, 2004, Bank of America Corporation had issued a total of $4.6 billion of long-term senior and subordinated debt, with maturities ranging from 2009 to 2029.

Trust Preferred Securities

Trust preferred securities (Trust Securities) are issued by the trust companies (the Trusts) that were deconsolidated by the Corporation under FIN 46. These securities are mandatorily redeemable preferred security obligations of the Trusts. The sole assets of the Trusts are Junior Subordinated Deferrable Interest Notes of the Corporation (the Notes). Obligations associated with these securities are included in junior subordinated notes related to trust preferred securities in the long-term debt table on page 99. See Note 15 of the consolidated financial statements for a discussion regarding the potential change in treatment for regulatory capital purposes of the Trust Securities.

At December 31, 2003, the Corporation had 14 Trusts which have issued Trust Securities to the public. Certain of the Trust Securities were issued at a discount and may be redeemed prior to maturity at the option of the Corporation. The Trusts have invested the proceeds of such Trust Securities in the Notes. Each issue of the Notes has an interest rate equal to the corresponding Trust Securities distribution rate. The Corporation has the right to defer payment of interest on the Notes at any time or from time to time for a period not exceeding five years provided that no extension period may extend beyond the stated maturity of the relevant Notes. During any such extension period, distributions on the Trust Securities will also be deferred, and the Corporation's ability to pay dividends on its common and preferred stock will be restricted.

The Trust Securities are subject to mandatory redemption upon repayment of the related Notes at their stated maturity dates or their earlier redemption at a redemption price equal to their liquidation amount plus accrued distributions to the date fixed for redemption and the premium, if any, paid by the Corporation upon concurrent repayment of the related Notes.

Periodic cash payments and payments upon liquidation or redemption with respect to Trust Securities are guaranteed by the Corporation to the extent of funds held by the Trusts (the Preferred Securities Guarantee). The Preferred Securities Guarantee, when taken together with the Corporation's other obligations, including its obligations under the Notes, will constitute a full and unconditional guarantee, on a subordinated basis, by the Corporation of payments due on the Trust Securities.

The following table is a summary of the outstanding Trust Securities and the Notes at December 31, 2003.

(Dollars in millions) Issuer	Issuance Date	Aggregate Principal Amount of Trust Securities	Aggregate Principal Amount of the Notes	Stated Maturity of the Notes	Per Annum Interest Rate of the Notes	Interest Payment Dates	Redemption Period
NationsBank							
Capital Trust II	December 1996	$365	**$376**	December 2026	7.83 %	6/15,12/15	On or after 12/15/06(1,3)
Capital Trust III	February 1997	494	**509**	January 2027	3-mo. LIBOR +55 bps	1/15,4/15, 7/15,10/15	On or after 1/15/07(1)
Capital Trust IV	April 1997	498	**513**	April 2027	8.25	4/15,10/15	On or after 4/15/07(1,4)
BankAmerica							
Institutional Capital A	November 1996	450	**464**	December 2026	8.07	6/30,12/31	On or after 12/31/06(2,5)
Institutional Capital B	November 1996	300	**309**	December 2026	7.70	6/30,12/31	On or after 12/31/06(2,6)
Capital II	December 1996	450	**464**	December 2026	8.00	6/15,12/15	On or after 12/15/06(2,7)
Capital III	January 1997	400	**412**	January 2027	3-mo. LIBOR +57 bps	1/15,4/15, 7/15,10/15	On or after 1/15/02(2)
Barnett							
Capital I	November 1996	300	**309**	December 2026	8.06	6/1,12/1	On or after 12/1/06(1,8)
Capital II	December 1996	200	**206**	December 2026	7.95	6/1,12/1	On or after 12/1/06(1,9)
Capital III	January 1997	250	**258**	February 2027	3-mo. LIBOR +62.5 bps	2/1,5/1, 8/1,11/1	On or after 2/1/07(1)
Bank of America							
Capital Trust I	December 2001	575	**593**	December 2031	7.00	3/15,6/15, 9/15,12/15	On or after 12/15/06(10)
Capital Trust II	January 2002	900	**928**	February 2032	7.00	2/1, 5/1, 8/1, 11/1	On or after 2/1/07(10)
Capital Trust III	August 2002	500	**516**	August 2032	7.00	2/15, 5/15, 8/15, 11/15	On or after 8/15/07(10)
Capital Trust IV	April 2003	375	**387**	May 2033	5.88	2/1, 5/1, 8/1, 11/1	On or after 5/1/08(10)
Total		$6,057	**$6,244**				

(1) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence of certain events relating to tax treatment of the related trust or the Notes, relating to capital treatment of the Trust Securities or relating to a change in the treatment of the related trust under the Investment Company Act of 1940, as amended, at a redemption price at least equal to the principal amount of the Notes.

(2) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence of certain events relating to tax treatment of the related trust or the Notes or relating to capital treatment of the Trust Securities at a redemption price at least equal to the principal amount of the Notes.

(3) The Notes may be redeemed on or after December 15, 2006 and prior to December 15, 2007 at 103.915% of the principal amount, and thereafter at prices declining to 100% on December 15, 2016 and thereafter.

(4) The Notes may be redeemed on or after April 15, 2007 and prior to April 14, 2008 at 103.85% of the principal amount, and thereafter at prices declining to 100% on April 15, 2017 and thereafter.

(5) The Notes may be redeemed on or after December 31, 2006 and prior to December 31, 2007 at 104.035% of the principal amount, and thereafter at prices declining to 100% on December 31, 2016 and thereafter.

(6) The Notes may be redeemed on or after December 31, 2006 and prior to December 31, 2007 at 103.779% of the principal amount, and thereafter at prices declining to 100% on December 31, 2016 and thereafter.

(7) The Notes may be redeemed on or after December 15, 2006 and prior to December 15, 2007 at 103.969% of the principal amount, and thereafter at prices declining to 100% on December 15, 2016 and thereafter.

(8) The Notes may be redeemed on or after December 1, 2006 and prior to December 1, 2007 at 104.03% of the principal amount, and thereafter at prices declining to 100% on December 1, 2016 and thereafter.

(9) The Notes may be redeemed on or after December 1, 2006 and prior to December 1, 2007 at 103.975% of the principal amount, and thereafter at prices declining to 100% on December 1, 2016 and thereafter.

(10) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence and continuation of a tax event, an investment company event or a capital treatment event. The Corporation may extend the stated maturity date of the junior subordinated notes to a date no later than May 23, 2052.

Note 13—Commitments and Contingencies

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those recorded on the Corporation's balance sheet.

Credit Extension Commitments

The Corporation enters into commitments to extend credit such as loan commitments, standby letters of credit (SBLCs) and commercial letters of credit to meet the financing needs of its customers. The unfunded lending commitments shown in the following table have been reduced by amounts participated to other financial institutions of $10.4 billion and $10.2 billion at December 31, 2003 and 2002, respectively. The following table summarizes outstanding unfunded lending commitments at December 31, 2003 and 2002.

	December 31	
(Dollars in millions)	**2003**	2002
Loan commitments	**$211,781**	$212,704
Standby letters of credit and financial guarantees	**31,150**	30,837
Commercial letters of credit	**3,260**	3,109
Legally binding commitments	**246,191**	246,650
Credit card lines	**93,771**	85,801
Total commitments	**$339,962**	$332,451

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Corporation against deterioration in the borrowers' ability to pay. Loan commitments include equity commitments of approximately $1.7 billion and $2.2 billion at December 31, 2003 and 2002, respectively, which primarily relate to obligations to fund existing equity investments.

The Corporation issues SBLCs and financial guarantees to support the obligations of its customers to beneficiaries. Additionally, in many cases, the Corporation holds collateral in various forms against these SBLCs. As part of its risk management activities, the Corporation continuously monitors the creditworthiness of the customer as well as SBLC exposure; however, if the customer fails to perform the specified obligation to the beneficiary, the beneficiary may draw upon the SBLC by presenting documents that are in compliance with the letter of credit terms. In that event, the Corporation either repays the money borrowed or advanced, makes payment on account of the indebtedness of the customer or makes payment on account of the default by the customer in the performance of an obligation, to the beneficiary up to the full notional amount of the SBLC. The customer is obligated to reimburse the Corporation for any such payment. If the customer fails to pay, the Corporation would, as contractually permitted, liquidate collateral and/or set off accounts.

Commercial letters of credit, issued primarily to facilitate customer trade finance activities, are usually collateralized by the underlying goods being shipped to the customer and are generally short-term. Credit card lines are unsecured commitments that are not legally binding. Management reviews credit card lines at least annually, and upon evaluation of the customers' creditworthiness, the Corporation has the right to terminate or change certain terms of the credit card lines.

The Corporation uses various techniques to manage risk associated with these types of instruments that include collateral and/or adjusting commitment amounts based on the borrower's financial condition; therefore, the total commitment amount does not necessarily represent the actual risk of loss or future cash requirements. For each of these types of instruments, the Corporation's exposure to credit loss is represented by the contractual amount of these instruments.

Other Commitments

When-issued securities are commitments to purchase or sell securities during the time period between the announcement of a securities offering and the issuance of those securities. Changes in market price between commitment date and issuance are reflected in trading account profits. At December 31, 2003, the Corporation had commitments to purchase and sell when-issued securities of $155.5 billion and $145.8 billion, respectively. At

December 31, 2002, the Corporation had commitments to purchase and sell when-issued securities of $166.1 billion and $164.5 billion, respectively.

At December 31, 2003 and 2002, charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. government in the amount of $13.7 billion and $52.4 billion, respectively, were not included in credit card line commitments in the previous table. The outstandings related to these charge cards were $233 million and $208 million, respectively.

At December 31, 2003, the Corporation had forward whole mortgage loan purchase commitments of $4.6 billion, all of which were settled in January and February 2004. At December 31, 2003, the Corporation had no forward whole mortgage loan sale commitments.

The Corporation has entered into operating leases for certain of its premises and equipment. Commitments under these leases approximate $1.2 billion per year for each of the years 2004 through 2008 and $3.5 billion for all years thereafter.

Other Guarantees

The Corporation sells products that offer book value protection primarily to plan sponsors of ERISA-governed pension plans such as 401(k) plans, 457 plans, etc. The book value protection is provided on portfolios of intermediate/short-term investment grade fixed income securities and is intended to cover any shortfall in the event that plan participants withdraw funds when market value is below book value. The Corporation retains the option to exit the contract at any time. If the Corporation exercises its option, the purchaser can require the Corporation to purchase zero coupon bonds with the proceeds of the liquidated assets to assure the return of principal. To hedge its exposure, the Corporation imposes significant restrictions and constraints on the timing of the withdrawals, the manner in which the portfolio is liquidated and the funds are accessed, and the investment parameters of the underlying portfolio. These constraints, combined with structural protections, are designed to provide adequate buffers and guard against payments even under extreme stress scenarios. These guarantees are booked as derivatives and marked to market in the trading portfolio. At December 31, 2003 and 2002, the notional amount of these guarantees totaled $24.9 billion and $19.7 billion, respectively, with estimated maturity dates between 2005 and 2033. As of December 31, 2003 and 2002, the Corporation has never made a payment under these products, and management believes that the probability of payments under these guarantees is remote.

The Corporation also sells products that guarantee the return of principal to investors at a preset future date. These guarantees cover a broad range of underlying asset classes and are designed to cover the shortfall between the market value of the underlying portfolio and the principal amount on the preset future date. To manage its exposure, the Corporation requires that these guarantees be backed by structural and investment constraints and certain pre-defined triggers that would require the underlying assets or portfolio to be liquidated and invested in zero-coupon bonds that mature at the preset future date. The Corporation is required to fund any shortfall at the preset future date between the proceeds of the liquidated assets and the purchase price of the zero-coupon bonds. These guarantees are booked as derivatives and marked to market in the trading portfolio. At December 31, 2003 and 2002, the notional amount of these guarantees totaled $7.4 billion and $4.1 billion, respectively; however, as of December 31, 2003 and 2002, the Corporation had not made a payment under these products, and management believes that the probability of payments under these guarantees is remote. These guarantees have an approximate term ending between 2005 and 2010.

In the ordinary course of business, the Corporation enters into various agreements that contain indemnifications, such as tax indemnifications, whereupon payment may become due if certain external events occur, such as a change in tax law. These agreements typically contain an early termination clause that permits the Corporation to exit the agreement upon these events. The maximum potential future payment under indemnification agreements is difficult to assess for several reasons, including the inability to predict future changes in tax and other laws, the difficulty in determining how such laws would apply to parties in contracts, the absence of exposure limits contained in standard contract language and the timing of the early termination clause. Historically, any payments made under these guarantees have been de minimis. Management has assessed the probability of making such payments in the future as remote.

The Corporation has entered into additional guarantee agreements, including lease end obligation agreements, partial credit guarantees on certain leases, sold risk participation swaps and sold put options that require gross settlement. The maximum potential future payment under these agreements was approximately $1.3 billion and $575 million at December 31, 2003 and 2002, respectively. The estimated maturity dates of these obligations are between 2004 and 2025. As of December 31, 2003 and 2002, the Corporation had made no material payments under these products.

For additional information on recourse obligations related to mortgage loans sold and other guarantees related to securitizations, see Note 9 of the consolidated financial statements.

Litigation and Regulatory Matters

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws.

In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of pending matters will be; however, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation or regulatory matters, including the litigation and regulatory matters described below, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation but may be material to the Corporation's operating results for any particular quarter.

Mutual Fund Operations

On September 3, 2003, the Office of the Attorney General for the State of New York (NYAG) simultaneously filed and settled a complaint against Canary Capital Partners, LLC, et al. (collectively, Canary). The complaint alleged, among other things, that Canary engaged in improper trading with certain mutual funds in the Nations Funds family (Nations Funds). Specifically, the NYAG alleged that Canary engaged in activities that it characterized as "market timing" and "late trading." The Corporation is cooperating fully with the NYAG, the SEC and other regulators in connection with these inquiries.

On September 16, 2003, the NYAG announced a criminal action, and the SEC announced a civil action, against a former employee of Banc of America Securities LLC (BAS). The complaints allege that this former employee played a key role in enabling Canary to engage in "late trading" of shares of Nations Funds and other mutual funds in violation of state and federal law.

The Corporation has announced that it will establish a restitution fund for shareholders of the Nations Funds who were harmed by Canary's late trading and market timing practices. In addition, the Corporation announced that it will provide restitution for shareholders of third party mutual funds who were harmed by any late trading activities by Canary that are found to have occurred through the Corporation in the event restitution is not otherwise available from Canary, its affiliates, its investors or from any other third parties. The Corporation has also committed to return to the Nations Funds all funds management and advisory fees related to the Canary market timing agreement.

The Corporation has named several key leaders and advisors external to the Corporation to review mutual fund practices. These individuals are currently leading an independent review of the Corporation's mutual fund policies and practices, including a complete legal and regulatory compliance review of the Corporation's mutual fund business, and coordinating a detailed review of all technology, control, and compliance systems related to the mutual fund business, including all systems relating to sales, clearing, and derivative and brokerage operations.

The Corporation is developing new policies to eliminate all lending, derivatives, brokerage services or any other services relating to mutual fund trading activity by clients known to the Corporation to engage in active mutual fund market timing not permitted by the targeted funds. The Corporation has committed that the market timing policies being established will no longer permit special exceptions.

The independent trustees of the Board of Trustees of the Nations Funds have retained an independent firm to evaluate the extent of any adverse monetary impact to any Nations Fund in which the Nations Funds' adviser permitted a discretionary market timing agreement. They also announced that they would evaluate whether any additional steps are appropriate to assure Nations Funds shareholders that the Nations Funds are being managed in their best interests. In addition, the independent trustees announced that the Board of Trustees, with the assistance of the independent firm, will conduct a review of the issues relating to late trading in Nations Funds, consider the results of the review of these issues being conducted by the Corporation, and take action as appropriate.

As of the date hereof, a number of lawsuits and regulatory proceedings have been filed against the Corporation, its affiliates and associates in connection with these circumstances, alleging, among other things, breaches of fiduciary duties, federal securities laws, the ERISA Act, the Investment Company Act of 1940, and the Investment Advisers Act of 1940 as well as contractual and other common law claims. The Corporation has also received shareholder derivative actions purportedly brought on behalf of the Corporation alleging various claims, including breach of fiduciary duty, against the Board of Directors in connection with these matters. Additional lawsuits or regulatory proceedings presenting similar or additional allegations and requests for relief arising out of these circumstances could be filed in the future against the Corporation and related parties.

During the quarter ended September 30, 2003, the Corporation recognized a $100 million charge to income in connection with these matters. The Corporation, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

Enron Corporation (Enron) Securities Litigation
The Corporation was named as a defendant, along with a number of commercial and investment banks and their holding companies, certain former Enron officers and directors, law firms and accountants, in a putative consolidated class action pending in the United States District Court for the Southern District of Texas filed on April 8, 2002 entitled Newby v. Enron. The amended complaint, which was filed in May 2003 and is now the operative complaint, alleges claims against the Corporation and BAS under Sections 11, 12 and 15 of the Securities Act of 1933 related to the role of BAS as an underwriter of two public offerings of Enron debt and as an initial purchaser in a private placement of debt issued by an Enron-affiliated company. The Corporation and BAS have moved to dismiss all of the claims asserted against them in the operative complaint. That motion is fully briefed and remains pending. Plaintiffs' motion for class certification is fully briefed and remains pending.

In addition, the Corporation and certain of its affiliates have been named as defendants or third-party defendants, along with other commercial and investment banks and many other parties, in various other individual and putative class actions relating to Enron. The complaints assert claims under federal securities laws, state securities laws and/or state common law or statutes. The majority of these actions were either filed in or have been transferred to the United States District Court for the Southern District of Texas and consolidated or coordinated with Newby v. Enron.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

WorldCom, Inc. (WorldCom) Securities Litigation
BAS, Banc of America Securities Limited (BASL), and other underwriters of WorldCom bonds issued in 2000 and 2001, as well as former officers and directors of WorldCom and other parties, have been named as defendants in a class action lawsuit filed in the United States District Court for the Southern District of New York entitled WorldCom Securities Litigation. The operative complaint alleges claims against BAS and BASL under Sections 11 and 12 of the Securities Act of 1933 in connection with 2000 and 2001 public bond offerings and is brought on behalf of purchasers and acquirers of bonds issued in or traceable to these offerings. On October 24, 2003, United States District Court Judge Denise Cote certified a class consisting of "all persons and entities who purchased or otherwise acquired publicly-traded securities of WorldCom during the period beginning April 29, 1999 through and including June 25, 2002 and who were injured thereby." Fact discovery is presently proceeding in this class action and a trial date has been set for January 10, 2005.

In addition, the Corporation, BAS and BASL, along with other underwriters, certain holding companies affiliated with the underwriters, a former Salomon Smith Barney telecommunications analyst, certain former officers and directors of WorldCom and WorldCom's former auditors have been named as defendants in numerous individual actions that were filed in either federal or state courts arising out of alleged accounting irregularities of the books and records of WorldCom. Plaintiffs in these actions are typically institutional investors, including state pension funds, who allegedly purchased debt securities issued by WorldCom pursuant to public offerings in 1997, 1998, 2000 or 2001. The majority of the complaints assert only claims under Section 11 of the Securities Act of 1933, but some complaints also include claims under the Exchange Act of 1934, state securities laws, other state statutes and under common law theories. Most of these cases were filed in state court and subsequently removed (as related to WorldCom's bankruptcy) by defendants to federal courts and then transferred by the Judicial Panel for Multidistrict Litigation to the United States District Court for the Southern District of New York to be consolidated with WorldCom Securities Litigation for pre-trial purposes. Seven of these actions, which have been removed, were remanded to state courts in Alabama (2), Tennessee, Pennsylvania (3) and Illinois.

Certain plaintiffs in actions transferred to the Southern District of New York have filed an appeal to the Second Circuit Court of Appeals arguing that their actions were not properly removed to federal court because a provision in the Securities Act prevented such removals. Defendants, including the underwriters, have argued that removal was proper.

Additional complaints were filed on behalf of purchasers of WorldCom stock in state courts in Mississippi against the Corporation and BAS, as well as certain former officers and directors of WorldCom, other commercial and investment banks and other parties. These cases have also been transferred to the United States District Court for the Southern District of New York and consolidated with WorldCom Securities Litigation for pre-trial purposes.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Adelphia Communications Corporation (Adelphia) Securities Litigation

Bank of America, N.A. and BAS are defendants in several private civil actions relating to Adelphia which have been consolidated for pre-trial purposes and are currently pending in the United States District Court for the Southern District of New York. The actions include a class action and various individual actions. BAS was a member of seven underwriting syndicates of securities issued by Adelphia, and Bank of America, N.A. was an agent and/or lender in connection with five credit facilities in which Adelphia subsidiaries were borrowers. Additional defendants include other members of those syndicates, underwriters for additional Adelphia securities offerings, lenders and agents for that and other credit facilities, former Adelphia insiders and members of its board of directors, and Adelphia's outside auditors and counsel. The complaints allege claims under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Bank of America, N.A. and BAS are also defendants in an adversary proceeding pending in the United States Bankruptcy Court for the Southern District of New York. The proceeding is brought by the Official Committee of Unsecured Creditors in the Adelphia Bankruptcy Proceedings (the Creditors Committee) on behalf of Adelphia; however, the Bankruptcy Court has not yet given the Creditors Committee authority to bring this lawsuit. The adversary proceeding complaint names over 400 defendants and asserts over 50 claims under federal statute (including Bank Holding Company Act), state common law and various provisions of the Bankruptcy Code. The Creditors Committee seeks avoidance and recovery of payments, equitable subordination, disallowance and recharacterization of claims and recovery of damages in an unspecified amount. Bank of America, N.A., BAS and other investment bank defendants have filed motions to dismiss. The Official Committee of Equity Security Holders in the Adelphia Bankruptcy Proceedings has filed a motion seeking to intervene in the adversary proceeding and to file its own complaint. The proposed complaint is similar to the Creditor's Committee complaint, except that it also asserts claims under RICO and various state law theories.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Paul J. Miller v. Bank of America, N.A.

On August 13, 1998, Bank of America, N.A.'s predecessor was named as a defendant in this class action challenging its practice, consistent with the banking industry, of debiting accounts that receive, by direct deposit, governmental benefits to repay fees incurred in those accounts. The action alleges fraud, negligent misrepresentation, and violations of certain California laws. On October 16, 2001, a class was certified consisting of more than one million California residents who have, had or will have, at any time after August 13, 1994, a deposit account with Bank of America, N.A. into which payments of public benefits are or have been directly deposited by the government. The case proceeded to trial on January 20, 2004. On February 25, 2004, at the conclusion of the jury phase of the trial, the jury found in Bank of America, N.A.'s favor on three of the four claims presented to the jury. As to the fourth claim, alleging that Bank of America, N.A., violated certain California laws, the jury imposed damages of approximately $75 million and awarded the class representative $275,000 in emotional distress damages. The jury also assessed a $1,000 penalty as to those members of the class suffering substantial economic or emotional harm as a result of the practice but did not determine which or how many class members are entitled to the penalty. This and other legal issues remain outstanding in the trial court.

The Corporation believes that this case is without merit and plans to appeal any adverse judgment. The Corporation cannot determine at this time the eventual outcome, timing or impact of this matter.

D.E. Shaw Litigation

Following the merger of NationsBank Corporation and BankAmerica Corporation in September 1998, the Corporation and certain of its officers and directors were named as defendants in class actions brought on behalf of persons who purchased NationsBank or BankAmerica shares between August 4, 1998 and September 30, 1998; persons who purchased shares of the Corporation between October 1 and October 13, 1998, and persons who held NationsBank or BankAmerica shares as of the merger. The claims on behalf of the purchasers and the persons who held NationsBank shares as of the merger principally rested on the allegation that the Corporation or its predecessors failed to disclose material facts concerning a $1.4 billion financial relationship between BankAmerica Corporation and D.E. Shaw & Co. that resulted in a $372 million charge to the Corporation's earnings in the quarter ending September 30, 1998. The claims of the persons who held BankAmerica shares as of the merger principally rested on the allegation that the defendants misrepresented a "takeover" of BankAmerica Corporation as a "merger of equals."

On November 2, 2002, the United States District Court for the Eastern District of Missouri (the Federal Court), the Court to which all federal actions had been transferred, entered a final judgment dismissing the actions with prejudice. The Federal Court entered the judgment after approving a settlement providing for payment of $333 million to the classes of purchasers and holders of NationsBank shares and $157 million to the classes of purchasers of BankAmerica and Corporation shares and holders of BankAmerica shares (all amounts to bear interest at the 90-day Treasury Bill Rate from March 6, 2002 to the date of payment). The Eighth Circuit Court of Appeals affirmed the judgment on appeal by certain objecting plaintiffs and class members on December 2, 2003, and denied a petition for rehearing on January 9, 2004. It is expected that, in accordance with its terms, the settlement will become final in April 2004 unless further review is sought in the Supreme Court of the United States. There remain pending several actions in California that have been stayed since April 2000, when the Federal Court enjoined the plaintiffs in those actions from purporting to prosecute their claims on behalf of a class.

Regulatory

In the course of its business, the Corporation is subject to regulatory examinations, information gathering requests, inquiries and investigations. Two of the Corporation's subsidiaries, BAS and Banc of America Investment Services, Inc. ("BAI"), are registered broker/dealers under the federal securities laws and are subject to regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators. In connection with several, formal and informal, investigations by those agencies, BAS and BAI have received numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of its regulated activities.

The SEC is currently conducting a formal investigation with respect to certain trading and research-related activities of BAS during the period 1999 through 2001. To date, the SEC staff has not indicated whether it intends to recommend any enforcement action in connection with these trading and research-related activities. On December 30, 2003, however, BAS was advised by the SEC staff that it does intend to recommend action against BAS with respect to alleged books and records violations related to the preservation and production of materials requested during the investigation of the trading and research-related activities. BAS is cooperating with the SEC staff with respect to the ongoing investigation and is also working with the staff to reach a resolution of the books and records matter.

Note 14—Shareholders' Equity and Earnings Per Common Share

On January 22, 2003, the Corporation's Board of Directors (the Board) authorized a stock repurchase program of up to 130 million shares of the Corporation's common stock at an aggregate cost of $12.5 billion. At December 31, 2003, the remaining buyback authority for common stock under this program totaled $4.3 billion, or 24 million shares. On December 11, 2001, the Board authorized a stock repurchase program of up to 130 million shares of the Corporation's common stock at an aggregate cost of up to $10.0 billion. The 2001 repurchase plan was completed in 2003. On July 26, 2000, the Board authorized a stock repurchase program of up to 100 million shares of the Corporation's common stock at an aggregate cost of up to $7.5 billion. The 2000 repurchase plan was completed in 2002. During 2003, the Corporation repurchased approximately 129 million shares of its common stock in open market repurchases and under an accelerated repurchase program at an average per share price of $75.76, which reduced shareholders' equity by $9.8 billion and increased diluted earnings per common share by approximately $0.22. These repurchases were partially offset by the issuance of 70 million shares of common stock under employee plans, which increased shareholders' equity by $4.2 billion, net of $123 million of deferred compensation related to restricted stock awards, and decreased diluted earnings per common share by approximately $0.16 in 2003. During 2002, the Corporation repurchased approximately 109 million shares of its common stock in open market repurchases at an average per share price of $68.55, which reduced shareholders' equity by $7.5 billion and increased diluted earnings per common share by approximately $0.22. These repurchases were partially offset by the issuance of 50 million shares of common stock under employee plans, which increased shareholders' equity by $2.6 billion and decreased diluted earnings per common share by approximately $0.11 in 2002. During 2001, the Corporation repurchased approximately 82 million shares of its common stock in open market repurchases at an average per share price of $57.58, which reduced shareholders' equity by $4.7 billion. These repurchases were partially offset by the issuance of 27 million shares of common stock under employee plans, which increased shareholders' equity by $1.1 billion. The Corporation will continue to repurchase shares, from time to time, in the open market or private transactions through its previously approved repurchase plan.

On January 28, 2004, the Board authorized a stock repurchase program of up to 90 million shares of the Corporation's common stock at an aggregate cost not to exceed $9.0 billion and to be completed within a period of 18 months.

At December 31, 2003, the Corporation had 1.3 million shares issued and outstanding of ESOP Convertible Preferred Stock, Series C (ESOP Preferred Stock). The ESOP Preferred Stock has a stated and liquidation value of $42.50 per share, provides for an annual cumulative dividend of $3.30 per share and each share is convertible into

1.68 shares of the Corporation's common stock. ESOP Preferred Stock in the amounts of $4 million for 2003 and $7 million for both 2002 and 2001 was converted into the Corporation's common stock.

Accumulated OCI includes pre-tax net unrealized gains (losses) related to available-for-sale debt and marketable equity securities, foreign currency translation adjustments, derivatives and other of $(3.8) billion, $2.7 billion and $1.9 billion at December 31, 2003, 2002 and 2001, respectively. The net change in accumulated OCI also includes adjustments for gains (losses) to net income during the current year that had been included in accumulated OCI in previous year ends. Pre-tax adjustments for gains included in the Consolidated Statement of Income for 2003, 2002 and 2001 were $1.4 billion, $780 million and $715 million, respectively. The related income tax expense (benefit) was $(1.8) billion, $1.1 billion and $30 million in 2003, 2002 and 2001, respectively.

The Corporation has, from time to time, sold put options on its common stock to independent third parties. The put option program was designed to partially offset the cost of share repurchases. The put options give the holders the right to sell shares of the Corporation's common stock to the Corporation on certain dates at specified prices. The put option contracts allow the Corporation to determine the method of settlement, and the premiums received were reflected as a liability subsequent to the adoption of SFAS 150; prior to that, these put options were reported as a component of other shareholders' equity and were accounted for as permanent equity, and accordingly, there was no impact on the income statement. No other derivative contracts are used in the Corporation's repurchase programs. As of December 31, 2003, all put options under this program had matured and there were no remaining put options outstanding.

At December 31, 2003, there were no premiums on written put options. Included in shareholders' equity at December 31, 2002 were premiums on written put options of $47 million. Included in shareholders' equity at December 31, 2003 and 2002 were restricted stock award plan deferred compensation of $154 million and $31 million, respectively.

The calculation of earnings per common share and diluted earnings per common share for 2003, 2002 and 2001 is presented below. See Note 1 of the consolidated financial statements for a discussion on the calculation of earnings per common share.

(Dollars in millions, except per share information; shares in thousands)	**2003**	2002	2001
Earnings per common share			
Net income	**$10,810**	$9,249	$6,792
Preferred stock dividends	**(4)**	(5)	(5)
Net income available to common shareholders	**$10,806**	$9,244	$6,787
Average common shares issued and outstanding	**1,486,703**	1,520,042	1,594,957
Earnings per common share	**$ 7.27**	$ 6.08	$ 4.26
Diluted earnings per common share			
Net income available to common shareholders	**$10,806**	$9,244	$6,787
Preferred stock dividends	**4**	5	5
Net income available to common shareholders and assumed conversions	**$10,810**	$9,249	$6,792
Average common shares issued and outstanding	**1,486,703**	1,520,042	1,594,957
Dilutive potential common shares (1, 2)	**28,475**	45,425	30,697
Total diluted average common shares issued and outstanding	**1,515,178**	1,565,467	1,625,654
Diluted earnings per common share	**$ 7.13**	$ 5.91	$ 4.18

(1) For 2003, 2002 and 2001, average options to purchase 9 million, 22 million and 85 million shares, respectively, were outstanding but not included in the computation of earnings per common share because they were antidilutive.

(2) Includes incremental shares from assumed conversions of convertible preferred stock, restricted stock units and stock options.

Note 15—Regulatory Requirements and Restrictions

The Board of Governors of the Federal Reserve System (FRB) requires the Corporation's banking subsidiaries to maintain reserve balances based on a percentage of certain deposits. Average daily reserve balances required by the FRB were $4.1 billion and $3.7 billion for 2003 and 2002, respectively. Currency and coin residing in branches and cash vaults (vault cash) are used to partially satisfy the reserve requirement. The average daily reserve balances, in excess of vault cash, held with the Federal Reserve Bank amounted to $317 million and $95 million for 2003 and 2002, respectively.

The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. Bank of America, N.A. declared and paid dividends of $8.1 billion for 2003 to its Parent. In 2004, Bank of America, N.A. can declare and pay dividends to its Parent in an amount not to exceed 2004 net income. The other subsidiary national banks can initiate aggregate dividend payments in 2004 of $1.9 billion plus an additional amount equal to their net profits for 2004, as defined by statute, up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year without approval by the OCC is the subsidiary bank's net profits for that year combined with its net retained profits, as defined, for the preceding two years.

The FRB, the OCC and the Federal Deposit Insurance Corporation (collectively, the Agencies) have issued regulatory capital guidelines for U.S. banking organizations. Failure to meet the capital requirements can initiate certain mandatory and discretionary actions by regulators that could have a material effect on the Corporation's financial statements. At December 31, 2003 and 2002, the Corporation and Bank of America, N.A. were classified as well-capitalized under this regulatory framework. There have been no conditions or events since December 31, 2003 that management believes have changed either the Corporation's or Bank of America, N.A.'s capital classifications.

The regulatory capital guidelines measure capital in relation to the credit and market risks of both onand off-balance sheet items using various risk weights. Under the regulatory capital guidelines, Total Capital consists of three tiers of capital. Tier 1 Capital includes common shareholders' equity, Trust Securities, minority interests and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1 Capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt, the allowance for credit losses up to 1.25 percent of risk-weighted assets and other adjustments. Tier 3 Capital includes subordinated debt that is unsecured, fully paid, has an original maturity of at least two years, is not redeemable before maturity without prior approval by the FRB and includes a lock-in clause precluding payment of either interest or principal if the payment would cause the issuing bank's risk-based capital ratio to fall or remain below the required minimum. Tier 3 Capital can only be used to satisfy the Corporation's market risk capital requirement and may not be used to support its credit risk requirement. At December 31, 2003 and 2002, the Corporation had no subordinated debt that qualified as Tier 3 Capital.

The capital treatment of Trust Securities is currently under review by the FRB due to the issuing trust companies being deconsolidated under FIN 46. Depending on the capital treatment resolution, Trust Securities may no longer qualify for Tier 1 Capital treatment, but instead would qualify for Tier 2 Capital. On July 2, 2003, the FRB issued a Supervision and Regulation Letter (the Letter) requiring that bank holding companies continue to follow the current instructions for reporting Trust Securities in its regulatory reports. Accordingly, the Corporation will continue to report Trust Securities in Tier 1 Capital until further notice from the FRB. On September 2, 2003, the FRB and other regulatory agencies, issued the Interim Final Capital Rule for Consolidated Asset-backed Commercial Paper Program Assets (the Interim Rule). The Interim Rule allows companies to exclude from risk-weighted assets, the newly consolidated assets of asset-backed commercial paper programs required by FIN 46, when calculating Tier 1 and Total Risk-based Capital ratios through March 31, 2004. As of December 31, 2003, the Corporation consolidated approximately $4.3 billion of assets from multi-seller asset-backed commercial paper conduits, in accordance with FIN 46, as originally issued. See Notes 1 and 9 of the consolidated financial statements for additional information on FIN 46.

To meet minimum, adequately-capitalized regulatory requirements, an institution must maintain a Tier 1 Capital ratio of four percent and a Total Capital ratio of eight percent. A well-capitalized institution must generally maintain capital ratios 100 to 200 bps higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a leverage ratio, defined as Tier 1 Capital divided by quarterly average total assets, after certain adjustments. The leverage ratio guidelines establish a minimum of 100 to 200 bps above three percent. Banking organizations must maintain a leverage capital ratio of at least five percent to be classified as well-capitalized. As of December 31, 2003, the Corporation was classified as well-capitalized for regulatory purposes, the highest classification.

Net unrealized gains (losses) on available-for-sale debt securities, net unrealized gains on available-for-sale marketable equity securities and the net unrealized gains (losses) on derivatives included in shareholders' equity at December 31, 2003 and 2002 are excluded from the calculations of Tier 1 Capital, Total Capital and leverage ratios.

The following table presents the regulatory risk-based capital ratios, actual capital amounts and minimum required capital amounts for the Corporation, Bank of America, N.A. and Bank of America, N.A. (USA) at December 31, 2003 and 2002:

	December 31					
	2003			2002		
	Actual		**Minimum**	Actual		Minimum
(Dollars in millions)	**Ratio**	**Amount**	**Required(1)**	Ratio	Amount	Required(1)
Tier 1 Capital						
Bank of America Corporation	**7.85 %**	**$44,050**	**$22,452**	8.22 %	$43,012	$20,930
Bank of America, N.A.	**8.73**	**42,030**	**19,247**	8.61	40,072	18,622
Bank of America, N.A. (USA)	**8.41**	**3,079**	**1,465**	8.95	2,346	1,049
Total Capital						
Bank of America Corporation	**11.87**	**66,651**	**44,904**	12.43	65,064	41,860
Bank of America, N.A.	**11.31**	**54,408**	**38,494**	11.40	53,091	37,244
Bank of America, N.A. (USA)	**12.29**	**4,502**	**2,930**	11.97	3,137	2,098
Leverage						
Bank of America Corporation	**5.73**	**44,050**	**30,741**	6.29	43,012	27,335
Bank of America, N.A.	**6.88**	**42,030**	**24,425**	7.02	40,072	22,846
Bank of America, N.A. (USA)	**9.17**	**3,079**	**1,344**	9.58	2,346	980

(1) Dollar amount required to meet guidelines for adequately-capitalized institutions.

Note 16—Employee Benefit Plans

Pension and Postretirement Plans

The Corporation sponsors noncontributory trusteed qualified pension plans that cover substantially all officers and employees. The plans provide defined benefits based on an employee's compensation, age and years of service. The Bank of America Pension Plan (the Pension Plan) provides participants with compensation credits, based on age and years of service. The Pension Plan allows participants to select from various earnings measures, which are based on the returns of certain funds or common stock of the Corporation. The participant-selected earnings measures determine the earnings rate on the individual participant account balances in the Pension Plan. Participants may elect to modify earnings measure allocations on a daily basis. The benefits become vested upon completion of five years of service. It is the policy of the Corporation to fund not less than the minimum funding amount required by ERISA. During 2004, the Corporation will contribute at least $87 million to the Pension Plan, the Nonqualified Pension Plans and the Post Retirement Health and Life Plans.

The Pension Plan has a balance guarantee feature, applied at the time a benefit payment is made from the plan, that protects participant balances transferred and certain compensation credits from future market downturns. The Corporation is responsible for funding any shortfall on the guarantee feature.

The Corporation sponsors a number of noncontributory, nonqualified pension plans. These plans, which are unfunded, provide defined pension benefits to certain employees.

In addition to retirement pension benefits, full-time, salaried employees and certain part-time employees may become eligible to continue participation as retirees in health care and/or life insurance plans sponsored by the Corporation. Based on the other provisions of the individual plans, certain retirees may also have the cost of these benefits partially paid by the Corporation.

Reflected in these results are key changes to the Postretirement Health and Life Plans and the nonqualified pension plans. In 2002, a one-time curtailment charge resulted from freezing benefits for supplemental executive retirement agreements. Additionally, on December 8, 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) into law. The Act introduces a voluntary prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care plans that provide at least an actuarially equivalent benefit. As permitted by FASB Staff Position (FSP) No. FAS 106-1 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP 106-1), the Corporation has elected to defer recognizing the effects of the Act on its Postretirement Health and Life Plans. As a result, any measures of the accumulated projected benefit obligation (APBO) of the Postretirement Health and Life Plans or the net periodic postretirement benefit cost in the consolidated financial statements do not reflect the effects of the Act on the Postretirement Health and Life Plans. Specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, may or may not require the Corporation to change previously reported information.

The following table summarizes the changes in fair value of plan assets, changes in the projected benefit obligation (PBO), the funded status of both the accumulated benefit obligation (ABO), and the PBO and the weighted average assumptions used to determine benefit obligations for the pension plans and postretirement plans for 2003 and 2002. Prepaid and accrued benefit costs are reflected in other assets, and accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet. The discount rate assumption is based on the internal rate of return for a portfolio of high quality bonds (Moody's Aa Corporate bonds) with maturities that are consistent with projected future cash flows. For both the Pension Plan and the Postretirement Health and Life Plans, the discount rate at December 31, 2003 was 6.25 percent. For both the Pension Plan and the Postretirement Health and Life Plans, the expected long-term return on plan assets will be 8.50 percent for 2004. The expected return on plan assets is calculated using the calculated market-related value for the Pension Plan and the fair value for the Postretirement Health and Life Plans. The asset valuation method for the Pension Plan recognizes 60 percent of the market gains or losses in the first year, with the remaining 40 percent spread equally over the next four years.

	Qualified Pension Plan(1)		Nonqualified Pension Plans(1)		Postretirement Health and Life Plans(1)	
(Dollars in millions)	**2003**	2002	**2003**	2002	**2003**	2002
Change in fair value of plan assets						
(Primarily listed stocks, fixed income and real estate)						
Fair value, January 1	**$ 7,518**	$ 8,264	**$ -**	$ -	**$ 181**	$ 194
Actual return on plan assets	**1,671**	(722)	**-**	-	**25**	(13)
Company contributions(2)	**400**	700	**47**	39	**13**	84
Plan participant contributions	**-**	-	**-**	-	**62**	49
Benefits paid	**(614)**	(724)	**(47)**	(39)	**(125)**	(133)
Fair value, December 31	**$ 8,975**	$ 7,518	**$ -**	$ -	**$ 156**	$ 181
Change in projected benefit obligation						
Projected benefit obligation, January 1	**$ 7,627**	$ 7,606	**$ 652**	$ 529	**$ 1,058**	$ 944
Service cost	**187**	199	**25**	27	**9**	11
Interest cost	**514**	540	**45**	44	**68**	67
Plan participant contributions	**-**	-	**-**	-	**62**	49
Plan amendments	**-**	6	**-**	(4)	**(36)**	8
Actuarial loss	**714**	-	**37**	108	**91**	112
Effect of curtailments	**-**	-	**-**	(15)	**-**	-
Effect of special termination benefits	**-**	-	**-**	2	**-**	-
Benefits paid	**(614)**	(724)	**(47)**	(39)	**(125)**	(133)
Projected benefit obligation, December 31	**$ 8,428**	$ 7,627	**$ 712**	$ 652	**$ 1,127**	$ 1,058
Funded status, December 31						
Accumulated benefit obligation (ABO)	**$ 8,028**	$ 7,264	**$ 628**	$ 573	**n/a**	n/a
Overfunded (unfunded) status of ABO	**947**	254	**(628)**	(573)	**n/a**	n/a
Provision for future salaries	**400**	363	**84**	79	**n/a**	n/a
Projected benefit obligation (PBO)	**8,428**	7,627	**712**	652	**1,127**	1,058
Overfunded (unfunded) status of PBO	**$ 547**	$ (109)	**$ (712)**	$ (652)	**$ (971)**	$ (877)
Unrecognized net actuarial loss	**2,153**	2,422	**195**	168	**139**	147
Unrecognized transition obligation	**-**	-	**-**	1	**291**	323
Unrecognized prior service cost	**364**	419	**18**	21	**6**	46
Prepaid (accrued) benefit cost	**$ 3,064**	$ 2,732	**$ (499)**	$ (462)	**$ (535)**	$ (361)
Weighted average assumptions, December 31						
Discount rate	**6.25 %**	6.75 %	**6.25 %**	6.75 %	**6.25 %**	6.75 %
Expected return on plan assets	**8.50**	8.50	**8.50**	n/a	**8.50**	8.50
Rate of compensation increase	**4.00**	4.00	**4.00**	4.00	**n/a**	n/a

n/a = not applicable

(1) The measurement date for the Qualified Pension Plan, Nonqualified Pension Plans and Postretirement Health and Life Plans was December 31 of each year reported.

(2) The Corporation's best estimate of its contributions to be made to the Qualified Pension Plan, Nonqualified Pension Plans and Postretirement Health and Life Plans in 2004 is $0, $64 and $23, respectively.

Amounts recognized in the consolidated financial statements at December 31, 2003 and 2002 are as follows:

	Qualified Pension Plan		Nonqualified Pension Plans		Postretirement Health and Life Plans	
(Dollars in millions)	**2003**	2002	**2003**	2002	**2003**	2002
Prepaid benefit cost	**$ 3,064**	$ 2,732	**$ -**	$ -	**$ -**	$ -
Accrued benefit cost	**-**	-	**(499)**	(462)	**(535)**	(361)
Additional minimum liability	**-**	-	**(129)**	(111)	**-**	-
Intangible asset	**-**	-	**18**	22	**-**	-
Accumulated other comprehensive income	**-**	-	**111**	89	**-**	-
Net amount recognized at end of year	**$ 3,064**	$ 2,732	**$ (499)**	$ (462)	**$ (535)**	$ (361)

Net periodic pension benefit cost for 2003, 2002 and 2001 included the following components:

	Qualified Pension Plan			Nonqualified Pension Plans		
(Dollars in millions)	**2003**	2002	2001	**2003**	2002	2001
Components of net periodic pension benefit cost (income)						
Service cost	**$ 187**	$ 199	$ 202	**$ 25**	$ 27	$ 22
Interest cost	**514**	540	560	**45**	44	40
Expected return on plan assets	**(735)**	(746)	(876)	**-**	-	-
Amortization of transition asset	**-**	-	(2)	**-**	-	-
Amortization of prior service cost	**55**	55	54	**3**	10	11
Recognized net actuarial loss	**47**	-	-	**11**	11	7
Recognized loss due to settlements and curtailments	**-**	-	-	**-**	26	6
Net periodic pension benefit cost (income)	**$ 68**	$ 48	$ (62)	**$ 84**	$ 118	$ 86
Weighted average assumptions used to determine net cost for years ended December 31						
Discount rate	**6.75 %**	7.25 %	7.25 %	**6.75 %**	7.25 %	7.25 %
Expected return on plan assets	**8.50**	8.50	10.00	**n/a**	n/a	n/a
Rate of compensation increase	**4.00**	4.00	4.00	**4.00**	4.00	4.00

n/a = not applicable

For 2003, 2002 and 2001, net periodic postretirement benefit cost included the following components:

(Dollars in millions)	**2003**	2002	2001
Components of net periodic postretirement benefit cost (income)			
Service cost	**$ 9**	$ 11	$ 11
Interest cost	**68**	67	65
Expected return on plan assets	**(15)**	(17)	(21)
Amortization of transition obligation	**32**	32	32
Amortization of prior service cost	**4**	6	4
Recognized net actuarial loss	**89**	40	20
Net periodic postretirement benefit cost	**$ 187**	$ 139	$ 111
Weighted average assumptions used to determine net cost for years ended December 31			
Discount rate	**6.75 %**	7.25 %	7.25 %
Expected return on plan assets	**8.50**	8.50	10.00

Net periodic postretirement health and life expense was determined using the "projected unit credit" actuarial method. Gains and losses for all benefits except postretirement health care are recognized in accordance with the standard amortization provisions of the applicable accounting standards. For the Postretirement Health Care Plans, 50 percent of the unrecognized gain or loss at the beginning of the fiscal year (or at subsequent remeasurement) is recognized on a level basis during the year.

Assumed health care cost trend rates affect the postretirement benefit obligation and benefit cost reported for the Postretirement Health Care Plans. The assumed health care cost trend rates used to measure the expected cost of benefits covered by the Postretirement Health Care Plans was 10 percent for 2004, reducing in steps to 5 percent in

2007 and later years. A one-percentage-point increase in assumed health care cost trend rates would have increased the service and interest costs and the benefit obligation by $4 million and $52 million, respectively, in 2003, $5 million and $61 million, respectively, in 2002, and $6 million and $52 million, respectively, in 2001. A one-percentage-point decrease in assumed health care cost trend rates would have lowered the service and interest costs and the benefit obligation by $3 million and $48 million, respectively, in 2003, $4 million and $52 million, respectively, in 2002 and $4 million and $45 million, respectively, in 2001.

Plan Assets

The Pension Plan has been established as a retirement vehicle for participants and a trust has been established to secure benefits promised under the Pension Plan. The Corporation's policy is to invest the trust assets in a prudent manner for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administration. The Corporation's investment strategy is designed to provide a total return that, over the long-term, increases the ratio of assets to liabilities. The strategy attempts to maximize the investment return on assets at a level of risk deemed appropriate by the Corporation while complying with ERISA and any subsequent applicable regulations and laws. The investment strategy utilizes asset allocation as a principal determinant for establishing the risk/reward profile of the assets. Asset allocation ranges are established, periodically reviewed, and adjusted as funding levels and liability characteristics change. Active and passive investment managers are employed to help enhance the risk/return profile of the assets. An additional aspect of the investment strategy used to minimize risk (part of the asset allocation plan) includes matching the equity exposure of participant-selected earnings measures. For example, the common stock of the Corporation invested in the trust is maintained as an offset to the exposure related to participants who selected to receive an earnings measure based on the return performance of common stock of the Corporation.

The Expected Return on Asset Assumption (EROA assumption) was developed through analysis of historical market returns, historical asset class volatility and correlations, current market conditions, anticipated future asset allocations, the fund's past experience, and expectations on potential future market returns. The EROA assumption represents a long-term average view of the performance of the Pension Plan and Postretirement Health and Life Plan assets, a return that may or may not be achieved during any one calendar year. In a simplistic analysis of the EROA assumption, the building blocks used to arrive at the long-term return assumption would include an implied return from equity securities of 9.0 percent, debt securities of 6.5 percent, and real estate of 9.0 percent for all pension plans and postretirement health and life plans.

The Pension Plan asset allocation at December 31, 2003 and 2002 and target allocation for 2004 by asset category are as follows:

Asset Category	2004 Target Allocation	Percentage of Plan Assets at December 31			
		2003		2002	
Equity securities	65 - 80 %	**71**	**%**	63	%
Debt securities	20 - 35 %	**28**		35	
Real estate	0 - 3 %	**1**		2	
Total		**100**	**%**	100	%

Equity securities include common stock of the Corporation in the amounts of $809 million (9.02 percent of total plan assets) and $725 million (9.64 percent of total plan assets) at December 31, 2003 and 2002, respectively.

The Postretirement Health and Life Plans' asset allocation at December 31, 2003 and 2002 and target allocation for 2004 by asset category are as follows:

Asset Category	2004 Target Allocation	Percentage of Plan Assets at December 31			
		2003		2002	
Equity securities	55 - 65 %	**69**	**%**	57	%
Debt securities	35 - 45 %	**31**		43	
Total		**100**	**%**	100	%

The Postretirement Health and Life Plans had no investment in the common stock of the Corporation at December 31, 2003 or 2002.

Projected Benefit Payments
Benefit payments projected to be made from the Qualified Pension Plan, the Nonqualified Pension Plans and the Postretirement Health and Life Plans are as follows:

(Dollars in millions)	Qualified Pension Plan(1)	Nonqualified Pension Plans(2)	Postretirement Health and Life Plans(3)
2004	$ 495	$ 64	$ 93
2005	517	34	93
2006	542	47	92
2007	572	42	91
2008	627	47	89
2009 - 2013	3,651	284	427

(1) Benefit payments expected to be made from plan assets.

(2) Benefit payments expected to be made from the Corporation's assets.

(3) Benefit payments (net of retiree contributions) expected to be made from a combination of the plans' and the Corporation's assets.

Defined Contribution Plans
The Corporation maintains a qualified defined contribution retirement plan and a nonqualified defined contribution retirement plan. There are two components of the qualified defined contribution plan, the Bank of America 401(k) Plan (the 401(k) Plan): an employee stock ownership plan (ESOP) and a profit-sharing plan. Prior to 2001, the ESOP component of the 401(k) Plan featured leveraged ESOP provisions. See Note 14 of the consolidated financial statements for additional information on the ESOP provisions.

The Corporation contributed approximately $204 million, $200 million and $196 million for 2003, 2002 and 2001, respectively, in cash and stock which was utilized primarily to purchase the Corporation's common stock under the terms of the 401(k) Plan. At December 31, 2003 and 2002, an aggregate of 45 million shares and 44 million shares, respectively, of the Corporation's common stock and 1 million shares and 1 million shares, respectively, of ESOP Preferred Stock were held by the Corporation's 401(k) Plan.

Under the terms of the ESOP Preferred Stock provision, payments to the plan for dividends on the ESOP Preferred Stock were $4 million for 2003 and $5 million for both 2002 and 2001. Payments to the plan for dividends on the ESOP Common Stock were $45 million, $34 million and $27 million during the same periods. Interest incurred to service the debt of the ESOP Preferred Stock and ESOP Common Stock amounted to $300 thousand for 2001. As of December 31, 2001, all principal and interest associated with the debt of the ESOP Preferred Stock and ESOP Common Stock have been repaid.

In addition, certain non-U.S. employees within the Corporation are covered under defined contribution pension plans that are separately administered in accordance with local laws.

Note 17–Stock-based Compensation Plans
At December 31, 2003, the Corporation had certain stock-based compensation plans that are described below. For all stock-based compensation awards issued prior to January 1, 2003, the Corporation applies the provisions of APB 25 in accounting for its stock option and award plans. Stock-based compensation plans enacted after December 31, 2002, are accounted for under the provisions of SFAS 123. For additional information on the accounting for stock-based compensation plans and pro forma disclosures, see Note 1 of the consolidated financial statements.

The following table presents information on equity compensation plans at December 31, 2003:

	Number of Shares to be Issued Upon Exercise of Outstanding Options (1)	Weighted Average Exercise Price of Outstanding Options (2)	Number of Shares Remaining for Future Issuance Under Equity Compensation Plans (3)
Plans approved by shareholders	125,192,323	$62.66	86,728,537
Plans not approved by shareholders	39,982,774	57.29	-
Total	165,175,097	$61.32	86,728,537

(1) Includes 5,009,407 unvested restricted stock units.
(2) Does not take into account unvested restricted stock units.
(3) Excludes shares to be issued upon exercise of outstanding options.

Key Employee Stock Plan
The Key Employee Stock Plan, as amended and restated, provided for different types of awards. These include stock options, restricted stock shares and restricted stock units. Under the plan, ten-year options to purchase approximately 130 million shares of common stock were granted through December 31, 2002, to certain employees at the closing market price on the respective grant dates. Options granted under the plan generally vest in three or four equal annual installments. At December 31, 2003, approximately 72 million options were outstanding under this plan. No further awards may be granted under this plan.

Key Associate Stock Plan
On April 24, 2002, the shareholders approved the Key Associate Stock Plan to be effective January 1, 2003. This approval authorized and reserved 100 million shares for grant in addition to the remaining amount under the Key Employee Stock Plan as of December 31, 2002, which was approximately 17 million shares plus any shares covered by awards under the Key Employee Stock Plan that terminate, expire, lapse or are cancelled after December 31, 2002. At December 31, 2003, approximately 29 million options were outstanding under this plan. Approximately 4 million shares of restricted stock and restricted stock units were granted during 2003. These shares of restricted stock generally vest in three equal annual installments beginning one year from the grant date. The Corporation incurred restricted stock expense of $276 million, $250 million and $182 million in 2003, 2002 and 2001, respectively.

The Corporation has certain stock-based compensation plans that were not approved by its shareholders. These broad-based plans are the 2002 Associates Stock Option Plan, Take Ownership! and the Barnett Employee Stock Option Plan. Descriptions of the material features of these plans follow.

2002 Associates Stock Option Plan
The Bank of America Corporation 2002 Associates Stock Option Plan covered all employees below a specified executive grade level. Under the plan, eligible employees received a one-time award of a predetermined number of options entitling them to purchase shares of the Corporation’s common stock. All options are nonqualified and have an exercise price equal to the fair market value on the date of grant. Approximately 54 million options were granted on February 1, 2002 at $61.36, the closing price for that day. The options vest as follows: 50 percent of the options become exercisable after the Corporation’s common stock closes at or above $76.36 per share for ten consecutive trading days; the remaining 50 percent of the options become exercisable after the Corporation’s common stock closes at or above $91.36 for ten consecutive trading days. During 2003, the first option vesting trigger was achieved. Regardless of the stock price, all options will be fully exercisable beginning February 1, 2006. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 28 million options were outstanding under this plan. The options expire on January 31, 2007.

Take Ownership!
The Bank of America Global Associate Stock Option Program (Take Ownership!) covered all employees below a specified executive grade level. Under the plan, eligible employees received an award of a predetermined number of stock options entitling them to purchase shares of the Corporation’s common stock at the fair market value on the

grant date. All options are nonqualified. The options, which were granted on the first business day of 1999, 2000 and 2001, vested 25 percent on the first anniversary of the grant date, 25 percent on the second anniversary of the grant date and 50 percent on the third anniversary of the grant date. At January 2, 2004, all options issued under this plan were fully vested. These options expire five years after the grant date. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 12 million options were outstanding under this plan. No further awards may be granted under this plan.

Barnett Employee Stock Option Plan
Under the Barnett Employee Stock Option Plan, ten-year options to purchase a predetermined number of shares of the Corporation's common stock were granted to all associates below a specified executive grade level in 1997. All options are nonqualified and have an exercise price equal to the fair market value on the grant date. All options issued under this plan vested. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 100,000 options were outstanding under this plan.

Other Plans
Under the BankAmerica 1992 Management Stock Plan, ten-year options to purchase shares of the Corporation's common stock were granted to certain key employees in 1997 and 1998. At December 31, 2003, all options were fully vested and approximately 7 million options were outstanding under this plan. Additionally, 3 million shares of restricted stock were granted to certain key employees in 1997 and 1998. At December 31, 2003 all shares were fully vested. No further awards may be granted under this plan.

Under the BankAmerica Performance Equity Program, ten-year options to purchase shares of the Corporation's common stock were granted to certain key employees in 1997 and 1998 in the form of market price options and premium price options. All options issued under this plan to certain persons who were employees as of the merger date vested. At December 31, 2003, approximately 11 million options were outstanding under this plan. No further awards may be granted under this plan.

Additional stock option plans assumed in connection with various acquisitions remain outstanding and are included in the following tables. No further awards may be granted under these plans.

The following tables present the status of all plans at December 31, 2003, 2002 and 2001, and changes during the years then ended:

	2003		2002		2001	
Employee stock options	**Shares**	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at January 1	**205,723,650**	**$58.19**	184,550,016	$55.19	178,572,021	$54.45
Granted	**30,668,395**	**70.05**	85,835,715	61.45	53,067,079	50.45
Exercised	**(66,245,921)**	**55.43**	(49,058,178)	52.40	(28,198,630)	40.86
Forfeited	**(9,980,434)**	**62.82**	(15,603,903)	58.74	(18,890,454)	56.32
Outstanding at December 31	**160,165,690**	**61.32**	205,723,650	58.19	184,550,016	55.19
Options exercisable at December 31	**83,893,186**	**60.04**	89,575,970	59.02	94,753,943	57.94
Weighted-average fair value of options granted during the year		**$13.54**		$12.41		$10.36

	2003		2002		2001	
Restricted stock/unit awards	**Shares**	**Weighted Average Grant Price**	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Outstanding unvested grants at January 1	**7,839,973**	**$60.73**	6,591,746	$58.42	7,172,546	$63.37
Granted	**4,446,859**	**69.37**	4,766,377	61.13	3,844,384	51.21
Vested	**(3,848,788)**	**64.93**	(3,381,873)	56.87	(4,223,770)	60.32
Canceled	**(352,771)**	**65.70**	(136,277)	58.95	(201,414)	57.16
Outstanding unvested grants at December 31	**8,085,273**	**$63.27**	7,839,973	$60.73	6,591,746	$58.42

The following table summarizes information about stock options outstanding at December 31, 2003:

	Outstanding Options			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2003	Weighted Average Remaining Term	Weighted Average Exercise Price	Number Exercisable at December 31, 2003	Weighted Average Exercise Price
$10.00 - $30.00	2,011,744	1.3 years	$24.26	2,011,744	$24.26
$30.01 - $46.50	2,347,238	2.5 years	36.17	2,347,238	36.17
$46.51 - $65.50	110,065,848	5.2 years	57.21	63,360,192	56.63
$65.51 - $99.00	45,740,860	7.3 years	74.12	16,174,012	81.30
Total	160,165,690	5.7 years	$61.32	83,893,186	$60.04

Note 18—Income Taxes

The components of income tax expense for 2003, 2002 and 2001 were as follows:

(Dollars in millions)	**2003**	2002	2001
Current expense			
Federal	**$4,642**	$3,386	$3,154
State	**412**	451	218
Foreign	**260**	349	338
Total current expense	**5,314**	4,186	3,710
Deferred (benefit) expense			
Federal	**(222)**	(270)	(411)
State	**(45)**	(200)	29
Foreign	**4**	26	(3)
Total deferred (benefit) expense	**(263)**	(444)	(385)
Total income tax expense (1)	**$5,051**	$3,742	$3,325

(1) Does not reflect the deferred tax effects of unrealized gains and losses on available-for-sale debt and marketable equity securities, foreign currency translation adjustments and derivatives that are included in shareholders' equity. As a result of these tax effects, shareholders' equity increased by $1,806 in 2003 and decreased by $1,090 and $59 in 2002 and 2001, respectively. Also, does not reflect tax benefits associated with the Corporation's employee stock plans which increased shareholders' equity by $443, $251 and $80 in 2003, 2002 and 2001, respectively.

The Corporation's current income tax expense approximates the amounts payable for those years. Deferred income tax expense represents the change in the deferred tax asset or liability and is discussed further on the following page.

A reconciliation of the expected federal income tax expense using the federal statutory tax rate of 35 percent to the Corporation's actual income tax expense and resulting effective tax rate for 2003, 2002 and 2001 follows:

	2003		2002		2001	
(Dollars in millions)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
Expected federal income tax expense	**$5,551**	**35.0 %**	$4,547	35.0 %	$3,541	35.0 %
Increase (decrease) in taxes resulting from:						
Tax-exempt income	**(277)**	**(1.8)**	(278)	(2.1)	(107)	(1.1)
State tax expense, net of federal benefit	**239**	**1.5**	210	1.6	161	1.6
Goodwill amortization[1]	**12**	**0.1**	-	-	361	3.6
IRS tax settlement	**(84)**	**(0.5)**	(488)	(3.8)	-	-
Basis difference in subsidiary stock	**-**	**-**	-	-	(418)	(4.1)
Low income housing credits/other credits	**(212)**	**(1.3)**	(222)	(1.7)	(146)	(1.4)
Foreign tax differential	**(50)**	**(0.3)**	(58)	(0.4)	(63)	(0.6)
Other	**(128)**	**(0.9)**	31	0.2	(4)	(0.1)
Total income tax expense	**$5,051**	**31.8 %**	$3,742	28.8 %	$3,325	32.9 %

(1) Goodwill amortization included in business exit costs was $164 in 2001.

During 2002, the Corporation reached a tax settlement agreement with the Internal Revenue Service (IRS). This agreement resolved issues for numerous tax returns of the Corporation and various predecessor companies and finalized all federal income tax liabilities through 1999. As a result of the settlement, reductions in income tax expense of $84 million in 2003 and $488 million in 2002 were recorded resulting from refunds received and reductions in previously accrued taxes.

Significant components of the Corporation's deferred tax liabilities and assets at December 31, 2003 and 2002 were as follows:

	December 31	
(Dollars in millions)	**2003**	2002
Deferred tax liabilities		
Equipment lease financing	**$ 5,321**	$ 5,767
Intangibles	**955**	535
Investments	**905**	700
State taxes	**281**	310
Depreciation	**246**	229
Employee retirement benefits	**191**	250
Deferred gains and losses	**189**	149
Securities valuation	**-**	350
Available-for-sale debt securities	**-**	266
Other	**560**	511
Gross deferred tax liabilities	**8,648**	9,067
Deferred tax assets		
Allowance for credit losses	**2,421**	2,661
Securities valuation	**1,876**	-
Accrued expenses	**421**	412
Employee benefits	**174**	77
Net operating loss carryforwards	**129**	315
Loan fees and expenses	**85**	99
Available-for-sale debt securities	**46**	-
Other	**280**	212
Gross deferred tax assets	**5,432**	3,776
Valuation allowance	**(120)**	(114)
Gross deferred tax assets, net of valuation allowance	**5,312**	3,662
Net deferred tax liabilities	**$ 3,336**	$ 5,405

The valuation allowance included in the Corporation's deferred tax assets at December 31, 2003 and 2002 represented net operating loss carryforwards for which it is more likely than not that realization will not occur and expire in 2004 to 2009. The net change in the valuation allowance for deferred tax assets resulted from net operating losses being generated by foreign subsidiaries in 2003 where realization is not expected to occur.

At December 31, 2003 and 2002, federal income taxes had not been provided on $871 million and $770 million, respectively, of undistributed earnings of foreign subsidiaries, earned prior to 1987 and after 1997, that have been reinvested for an indefinite period of time. If the earnings were distributed, an additional $185 million and $171 million of tax expense, net of credits for foreign taxes paid on such earnings and for the related foreign withholding taxes, would result in 2003 and 2002, respectively.

Note 19—Fair Value of Financial Instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments" (SFAS 107), requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Since no quoted market prices exist for certain of the Corporation's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates. The estimation methods for individual classifications of financial instruments are described more fully below. Different assumptions could significantly affect these estimates. Accordingly, the net realizable values could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the combined Corporation.

The provisions of SFAS 107 do not require the disclosure of the fair value of lease financing arrangements and nonfinancial instruments, including intangible assets such as goodwill, franchise, and credit card and trust relationships.

Short-Term Financial Instruments

The carrying value of short-term financial instruments, including cash and cash equivalents, time deposits placed, federal funds sold and purchased, resale and repurchase agreements, commercial paper and other short-term investments and borrowings, approximates the fair value of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market.

Financial Instruments Traded in the Secondary Market

Held-to-maturity debt securities, available-for-sale debt and marketable equity securities, trading account instruments and long-term debt traded actively in the secondary market have been valued using quoted market prices. The fair values of securities and trading account instruments are reported in Notes 4 and 5 of the consolidated financial statements.

Derivative Financial Instruments

All derivatives are recognized on the balance sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements that allow the Corporation to settle positive and negative positions with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange-traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The fair value of the Corporation's derivative assets and liabilities is presented in Note 6 of the consolidated financial statements.

Loans

Fair values were estimated for groups of similar loans based upon type of loan and maturity. The fair value of loans was determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans and adjusted to reflect the inherent credit risk. Where quoted market prices were available, primarily for certain residential mortgage loans and commercial loans, such market prices were utilized as estimates for fair values.

Substantially all of the foreign loans reprice within relatively short timeframes. Accordingly, for foreign loans, the net carrying values were assumed to approximate their fair values.

Mortgage Banking Assets
The Certificates are carried at estimated fair value based on an option-adjusted spread model that requires several key components including, but not limited to, proprietary prepayment models and term structure modeling via Monte Carlo simulation.

Deposits
The fair value for deposits with stated maturities was calculated by discounting contractual cash flows using current market rates for instruments with similar maturities. The carrying value of foreign time deposits approximates fair value. For deposits with no stated maturities, the carrying amount was considered to approximate fair value and does not take into account the significant value of the cost advantage and stability of the Corporation's long-term relationships with depositors.

The book and fair values of certain financial instruments at December 31, 2003 and 2002 were as follows:

	December 31			
	2003		2002	
(Dollars in millions)	**Book Value**	**Fair Value**	Book Value	Fair Value
Financial assets				
Loans	**$353,924**	**$357,770**	$322,065	$330,306
Financial liabilities				
Deposits	**414,113**	**414,379**	386,458	387,166
Long-term debt (1)	**75,343**	**79,442**	61,145	64,935
Trust preferred securities (1)	**-**	**-**	6,031	6,263

(1) Long-term debt includes long-term debt related to Trust Securities in 2003.

Note 20 – Business Segment Information

The Corporation reports the results of its operations through four business segments: *Consumer and Commercial Banking, Asset Management, Global Corporate and Investment Banking* and *Equity Investments*. Certain operating segments have been aggregated into a single business segment.

Consumer and Commercial Banking provides a diversified range of products and services to individuals and small businesses through multiple delivery channels. The segment also includes commercial lending and treasury management services primarily to middle market companies with annual revenue between $10 million and $500 million. *Asset Management* offers investment, fiduciary and comprehensive banking and credit expertise; asset management services to institutional clients, high-net-worth individuals and retail customers; and investment, securities and financial planning services to affluent and high-net-worth individuals. *Global Corporate and Investment Banking* provides capital raising solutions, advisory services, derivatives capabilities, equity and debt sales and trading for our corporate, commercial and institutional clients as well as traditional bank deposit and loan products, cash management and payment services to large corporations and institutional clients. *Equity Investments* includes *Principal Investing*, which is comprised of a diversified portfolio of investments in privately-held and publicly-traded companies at all stages, from start-up to buyout.

Corporate Other consists primarily of certain amounts associated with the ALM process and certain consumer finance and commercial lending businesses that are being liquidated. Beginning in the first quarter of 2003, net interest income from certain results associated with the ALM process was allocated directly to the business units. Prior periods have been restated to reflect this change in methodology. In addition, compensation expense related to stock-based employee compensation plans is included in *Corporate Other.*

Total revenue includes net interest income on a fully taxable-equivalent basis and noninterest income. The net interest income of the business segments includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Net interest income also reflects an allocation of net interest income generated by assets and liabilities used in the Corporation's ALM process.

Segments are allocated provision for credit losses based on charge-offs and changes in their profile balances and credit risk portfolio. This adjustment was based on an estimate of the related segment's contribution to the improvement in credit quality experienced by the Corporation.

Certain expenses not directly attributable to a specific business segment are allocated to the segments based on pre-determined means. The most significant of these expenses include data processing and item processing costs. Data processing costs are allocated to the segments based on equipment usage. Additionally, item processing costs are allocated to the segments based on the volume of items processed for each segment.

The following table presents total revenue and net income for 2003, 2002 and 2001, and total assets at December 31, 2003 and 2002 for each business segment. Certain prior period amounts have been reclassified between segments to conform to the current period presentation.

Business Segments

At and for the Year ended December 31

(Dollars in millions)	**Total Corporation**			**Consumer and Commercial Banking** [1]		
	2003	2002	2001	**2003**	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ 22,107**	$ 21,511	$20,633	**$ 15,970**	$ 15,205	$13,866
Noninterest income [2]	**16,422**	13,571	14,348	**10,333**	8,411	7,773
Total revenue	**38,529**	35,082	34,981	**26,303**	23,616	21,639
Provision for credit losses	**2,839**	3,697	4,287	**2,062**	1,806	1,580
Gains on sales of debt securities	**941**	630	475	**12**	45	3
Amortization of intangibles [3]	**217**	218	878	**179**	175	633
Other noninterest expense	**19,909**	18,218	19,831	**12,301**	11,301	10,702
Income before income taxes	**16,505**	13,579	10,460	**11,773**	10,379	8,727
Income tax expense	**5,695**	4,330	3,668	**4,252**	3,836	3,371
Net income	**$ 10,810**	$ 9,249	$ 6,792	**$ 7,521**	$ 6,543	$ 5,356
Period-end total assets	**$736,445**	$660,951		**$386,330**	$339,976	

(Dollars in millions)	**Asset Management** [1]			**Global Corporate and Investment Banking** [1]		
	2003	2002	2001	**2003**	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ 754**	$ 752	$ 764	**$ 4,825**	$ 4,797	$4,605
Noninterest income [2]	**1,880**	1,626	1,734	**4,108**	3,880	4,890
Total revenue	**2,634**	2,378	2,498	**8,933**	8,677	9,495
Provision for credit losses	**1**	318	123	**477**	1,208	1,292
Losses on sales of debt securities	**-**	-	-	**(14)**	(97)	(45)
Amortization of intangibles [3]	**6**	6	57	**28**	32	143
Other noninterest expense	**1,608**	1,488	1,504	**5,407**	5,031	5,319
Income before income taxes	**1,019**	566	814	**3,007**	2,309	2,696
Income tax expense	**349**	191	295	**995**	748	853
Net income	**$ 670**	$ 375	$ 519	**$ 2,012**	$ 1,561	$1,843
Period-end total assets	**$27,540**	$25,645		**$248,833**	$220,241	

(Dollars in millions)	**Equity Investments** [1]			**Corporate Other**		
	2003	2002	2001	**2003**	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ (160)**	$ (165)	$ (156)	**$ 718**	$ 922	$1,554
Noninterest income [2]	**(94)**	(281)	179	**195**	(65)	(228)
Total revenue	**(254)**	(446)	23	**913**	857	1,326
Provision for credit losses [4]	**25**	7	8	**274**	358	1,284
Gains on sales of debt securities	**-**	-	-	**943**	682	517
Amortization of intangibles [3]	**3**	3	10	**1**	2	35
Other noninterest expense [4]	**108**	88	203	**485**	310	2,103
Income before income taxes	**(390)**	(544)	(198)	**1,096**	869	(1,579)
Income tax expense (benefit)	**(141)**	(213)	(79)	**240**	(232)	(772)
Net income	**$ (249)**	$ (331)	$ (119)	**$ 856**	$ 1,101	$ (807)
Period-end total assets	**$6,251**	$6,064		**$67,491**	$69,025	

(1) There were no material intersegment revenues among the segments.

(2) Noninterest income in 2001 included the $83 SFAS 133 transition adjustment net loss which was recorded in trading account profits. The components of the transition adjustment by segment were a gain of $4 for Consumer and Commercial Banking, a gain of $19 for Global Corporate and Investment Banking and loss of $106 for Corporate Other.

(3) The Corporation adopted SFAS 142 on January 1, 2002. Accordingly, no goodwill amortization was recorded in 2003 and 2002.

(4) Corporate Other includes exit charges consisting of provision for credit losses of $395 and noninterest expense of $1,305 related to the exit of certain consumer finance businesses in 2001.

Reconciliations of the four business segments' revenue, net income and assets to consolidated totals follow:

	Year Ended December 31		
(Dollars in millions)	**2003**	2002	2001
Segments' revenue	**$37,616**	$34,225	$33,655
Adjustments:			
Revenue associated with unassigned capital	**616**	669	498
ALM activities [(1)]	**560**	319	(147)
Liquidating businesses	**310**	481	1,383
Fully taxable-equivalent basis adjustment	**(643)**	(588)	(343)
SFAS 133 transition adjustment net loss	**-**	-	(106)
Other	**(573)**	(612)	(302)
Consolidated revenue	**$37,886**	$34,494	$34,638
Segments' net income	**$9,954**	$8,148	$7,599
Adjustments, net of taxes:			
Gains on sales of debt securities	**643**	460	332
Earnings associated with unassigned capital	**420**	451	320
ALM activities [(1)]	**382**	146	(103)
Liquidating businesses	**(27)**	23	219
Litigation expense	**(150)**	-	(214)
Tax settlement	**-**	488	-
Severance charge	**-**	(86)	(96)
Tax benefit associated with basis difference in subsidiary stock	**-**	-	267
SFAS 133 transition adjustment net loss	**-**	-	(68)
Provision for credit losses in excess of net charge-offs	**-**	-	(182)
Exit charges	**-**	-	(1,250)
Other	**(412)**	(381)	(32)
Consolidated net income	**$10,810**	$9,249	$6,792

	December 31	
	2003	2002
Segments' total assets	**$668,954**	$591,926
Adjustments:		
ALM activities [(1)]	**103,313**	65,447
Securities portfolio	**61,253**	65,979
Liquidating businesses	**6,503**	9,294
Elimination of excess earning asset allocations	**(144,894)**	(107,746)
Other, net	**41,316**	36,051
Consolidated total assets	**$736,445**	$660,951

(1) Includes whole mortgage loan sale gains.

The adjustments presented in the table above include consolidated income, expense and asset amounts not specifically allocated to individual business segments.

Note 21—Bank of America Corporation (Parent Company Only)

The following tables present the Parent Company Only financial information:

Condensed Statement of Income

	Year Ended December 31		
(Dollars in millions)	**2003**	2002	2001
Income			
Dividends from subsidiaries:			
Bank subsidiaries	**$ 8,950**	$ 11,100	$ 5,000
Other subsidiaries	**34**	10	32
Interest from subsidiaries	**610**	775	1,746
Other income	**2,140**	1,138	1,772
Total income	**11,734**	13,023	8,550
Expense			
Interest on borrowed funds	**1,391**	1,700	2,564
Noninterest expense	**2,181**	1,361	2,083
Total expense	**3,572**	3,061	4,647
Income before income tax benefit and equity in undistributed earnings of subsidiaries	**8,162**	9,962	3,903
Income tax benefit	**461**	1,154	385
Income before equity in undistributed earnings of subsidiaries	**8,623**	11,116	4,288
Equity in undistributed earnings of subsidiaries:			
Bank subsidiaries	**2,093**	(1,607)	2,653
Other subsidiaries	**94**	(260)	(149)
Total equity in undistributed earnings (losses) of subsidiaries	**2,187**	(1,867)	2,504
Net income	**$ 10,810**	$ 9,249	$ 6,792
Net income available to common shareholders	**$ 10,806**	$ 9,244	$ 6,787

Condensed Balance Sheet

	December 31	
(Dollars in millions)	**2003**	2002
Assets		
Cash held at bank subsidiaries	**$ 20,436**	$ 12,844
Securities	**1,441**	989
Receivables from subsidiaries:		
Bank subsidiaries	**10,042**	7,802
Other subsidiaries	**15,103**	16,682
Investments in subsidiaries:		
Bank subsidiaries	**59,085**	58,662
Other subsidiaries	**818**	654
Other assets	**13,459**	8,420
Total assets	**$ 120,384**	$ 106,053
Liabilities and shareholders' equity		
Commercial paper and other short-term borrowings	**$ 3,333**	$ 453
Accrued expenses and other liabilities	**7,469**	3,094
Payables to subsidiaries:		
Bank subsidiaries	**173**	193
Other subsidiaries	**29**	5,479
Long-term debt	**61,400**	46,515
Shareholders' equity	**47,980**	50,319
Total liabilities and shareholders' equity	**$ 120,384**	$ 106,053

Condensed Statement of Cash Flows

(Dollars in millions)	Year Ended December 31		
	2003	2002	2001
Operating activities			
Net income	**$ 10,810**	$ 9,249	$ 6,792
Reconciliation of net income to net cash provided by operating activities:			
Equity in undistributed earnings (losses) of subsidiaries	**(2,187)**	1,867	(2,504)
Other operating activities, net	**115**	(2,537)	1,768
Net cash provided by operating activities	**8,738**	8,579	6,056
Investing activities			
Net purchases of securities	**(59)**	(428)	(24)
Net payments to subsidiaries	**(1,160)**	(2,025)	(3,330)
Other investing activities, net	**(1,597)**	(158)	-
Net cash used in investing activities	**(2,816)**	(2,611)	(3,354)
Financing activities			
Net increase (decrease) in commercial paper and other short-term borrowings	**2,482**	(7,505)	(5,154)
Proceeds from issuance of long-term debt	**14,713**	8,753	10,762
Retirement of long-term debt	**(5,928)**	(1,464)	(6,106)
Proceeds from issuance of common stock	**4,207**	2,632	1,121
Common stock repurchased	**(9,799)**	(7,466)	(4,716)
Cash dividends paid	**(4,281)**	(3,709)	(3,632)
Other financing activities, net	**276**	(338)	763
Net cash used in financing activities	**1,670**	(9,097)	(6,962)
Net increase (decrease) in cash held at bank subsidiaries	**7,592**	(3,129)	(4,260)
Cash held at bank subsidiaries at January 1	**12,844**	15,973	20,233
Cash held at bank subsidiaries at December 31	**$ 20,436**	$ 12,844	$ 15,973

Note 22—Performance by Geographic Area

Since the Corporation's operations are highly integrated, certain asset, liability, income and expense amounts must be allocated to arrive at total assets, total revenue, income (loss) before income taxes and net income (loss) by geographic area. The Corporation identifies its geographic performance based upon the business unit structure used to manage the capital or expense deployed in the region as applicable. This requires certain judgments related to the allocation of revenue so that revenue can be appropriately matched with the related expense or capital deployed in the region.

		At December 31	Year Ended December 31		
(Dollars in millions)	**Year**	**Total Assets** [1]	**Total Revenue** [2]	**Income (Loss) Before Income Taxes**	**Net Income (Loss)**
Domestic [3]	**2003**	**$680,843**	**$36,267**	**$15,703**	**$10,676**
	2002	610,731	32,645	13,268	9,374
	2001	570,029	32,301	9,572	6,404
Asia	**2003**	**22,468**	**467**	**125**	**101**
	2002	18,654	720	293	205
	2001	17,382	892	383	259
Europe, Middle East and Africa	**2003**	**30,107**	**1,037**	**187**	**131**
	2002	27,304	989	(159)	(76)
	2001	28,172	1,211	395	269
Latin America and the Caribbean	**2003**	**3,027**	**115**	**(154)**	**(98)**
	2002	4,262	140	(411)	(254)
	2001	6,778	234	(233)	(140)
Total Foreign	**2003**	**55,602**	**1,619**	**158**	**134**
	2002	50,220	1,849	(277)	(125)
	2001	52,332	2,337	545	388
Total Consolidated	**2003**	**$736,445**	**$37,886**	**$15,861**	**$10,810**
	2002	660,951	34,494	12,991	9,249
	2001	622,361	34,638	10,117	6,792

(1) Total assets includes long-lived assets, which are primarily located in the U.S.

(2) There were no material intercompany revenues between geographic regions for any of the periods presented.

(3) Includes the Corporation's Canadian operations, which had total assets of $2,799, $2,666 and $2,849 at December 31, 2003, 2002 and 2001, respectively; total revenues of $96, $96 and $121; income before income taxes of $60, $111 and $4; and net income of $12, $83 and $0.3 for the years ended December 31, 2003, 2002 and 2001, respectively.

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ANNEX E

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information and explanatory notes present how the combined financial statements of Bank of America and FleetBoston may have appeared had the businesses actually been combined at the beginning of the period presented. The unaudited pro forma condensed combined financial information shows the impact of the merger of Bank of America and FleetBoston on the companies' respective historical financial positions and results of operations under the purchase method of accounting with Bank of America treated as the acquirer. Under this method of accounting, the assets and liabilities of FleetBoston will be recorded by Bank of America at their estimated fair values as of the date the merger is completed. The unaudited pro forma condensed combined financial information combines the historical financial information of Bank of America and FleetBoston as of and for the year ended December 31, 2003. The unaudited pro forma condensed combined balance sheet as of December 31, 2003 assumes the merger was completed on that date. The unaudited pro forma condensed combined statement of income gives effect to the merger as if the merger had been completed on January 1, 2003.

The merger agreement was announced on October 27, 2003 and provides for each outstanding share of FleetBoston common stock other than shares beneficially owned by FleetBoston and Bank of America to be converted into the right to receive 0.5553 of a share of Bank of America common stock. Shares of FleetBoston preferred stock will be converted on a one-for-one basis into Bank of America preferred stock having the same terms (to the fullest extent possible) as the corresponding FleetBoston preferred stock, except in the case of shares held by preferred stockholders who validly perfect dissenters' appraisal rights. The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with the audited historical consolidated financial statements and the related notes of both Bank of America and FleetBoston.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented and had the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, been considered. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the allocation of the purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary materially from the actual purchase price allocation that will be recorded upon completion of the merger.

Bank of America/FleetBoston
Pro Forma Condensed Combined Balance Sheet
(unaudited)

The following preliminary unaudited pro forma condensed combined balance sheet combines the historical balance sheets of Bank of America and FleetBoston assuming the companies had been combined on December 31, 2003, on a purchase accounting basis.

	December 31, 2003				
(Dollars in millions)	**Bank of America**	**FleetBoston**	**Pro Forma Adjustments [1]**		**Bank of America/ FleetBoston Combined**
Assets					
Cash and cash equivalents	$ 27,084	$ 7,419	$		$ 34,503
Time deposits placed and other short-term investments	8,051	2,814			10,865
Federal funds sold and securities purchased under agreements to resell	76,492	3,910			80,402
Trading account assets	68,547	3,928			72,475
Securities	68,240	31,370	(9)	(A)	98,902
			(699)	(B)	
Loans and leases	371,463	128,949	(462)	(C)	499,950
Allowance for loan and lease losses	(6,163)	(3,074)			(9,237)
Loans and leases, net of allowance	**365,300**	**125,875**	**(462)**		**490,713**
Premises and equipment, net	6,036	2,372	(481)	(D)	7,927
Goodwill	11,455	4,273	(4,273)	(E)	44,291
			32,836	(E)	
Core deposit intangibles and other intangibles	908	298	(298)	(F)	4,366
			3,458	(F)	
Other assets	104,332	17,976	(246)	(G)	122,062
Total assets	**$736,445**	**$200,235**	**$29,826**		**$966,506**
Liabilities					
Deposits in domestic offices:					
Noninterest-bearing	$ 118,495	$ 35,933			$ 154,428
Interest-bearing	262,032	89,306	300	(H)	351,638
Deposits in foreign offices:					
Noninterest-bearing	3,035	2,320			5,355
Interest-bearing	30,551	10,205			40,756
Total deposits	**414,113**	**137,764**	**300**		**552,177**
Federal funds purchased and securities sold under agreements to repurchase	78,046	5,822			83,868
Trading account liabilities	26,844	1,952			28,796
Commercial paper and other short-term borrowings	42,478	5,356	11	(I)	47,845
Accrued expenses and other liabilities	51,641	13,504	224	(J)	66,039
			670	(K)	
Long-term debt	75,343	17,557	912	(L)	93,812
Total liabilities	**688,465**	**181,955**	**2,117**		**872,537**
Shareholders' equity					
Preferred stock	54	271			325
Common stock	14	4,032	(4,032)	(M)	45,889
			45,875	(M)	
Retained earnings	50,213	14,876	(14,876)	(M)	50,213
Accumulated other comprehensive income(loss)	(2,148)	50	(50)	(M) (N)	(2,305)
			(157)	(B)	
Other	(153)	(949)	949	(M)	(153)
Total shareholders' equity	**47,980**	**18,280**	**27,709**		**93,969**
Total liabilities and shareholders' equity	**$736,445**	**$200,235**	**$29,826**		**$966,506**

(1) See Notes to Unaudited Pro Forma Condensed Combined Financial Information.

Bank of America/FleetBoston
Pro Forma Condensed Combined Statement of Income
(unaudited)

The following preliminary unaudited pro forma condensed combined statement of income combines the historical statements of income of Bank of America and FleetBoston assuming the companies had been combined on January 1, 2003, on a purchase accounting basis.

	For the Year Ended December 31, 2003				
(Dollars in millions, except per share information)	**Bank of America**	**FleetBoston**	**Pro Forma Adjustments [(1)]**		**Bank of America/ FleetBoston Combined**
Interest income					
Interest and fees on loans and leases	$21,668	$7,461	$ 106	(C)	$29,235
Interest on securities	3,160	1,296	(29)	(N)	4,427
Trading account assets	3,935	43			3,978
Other interest income	2,880	420			3,300
Total interest income	**31,643**	**9,220**	**$77**		**40,940**
Interest expense					
Deposits	4,908	1,383	(175)	(H)	6,116
Short-term borrowings	1,951	388	(11)	(I)	2,328
Long-term debt	1,286	1,010	(311)	(L)	1,985
Other interest expense	2,034	43			2,077
Total interest expense	**10,179**	**2,824**	**(497)**		**12,506**
Net interest income	**21,464**	**6,396**	**574**		**28,434**
Noninterest income					
Service charges	5,618	1,562			7,180
Investment and brokerage services	2,351	1,517			3,868
Investment banking income	1,736	249			1,985
Card income	3,052	628			3,680
Other income	3,665	1,007			4,672
Total noninterest income	**16,422**	**4,963**			**21,385**
Total revenue	**37,886**	**11,359**	**574**		**49,819**
Provision for credit losses	**2,839**	**1,025**			**3,864**
Gains on sales of securities	**941**	**128**			**1,069**
Noninterest expense					
Personnel	10,446	3,398	(20)	(O)	13,824
Occupancy	2,006	517	(44)	(D)	2,479
Equipment	1,052	446	(19)	(D)	1,479
Other general operating	6,623	2,140	(61)	(P)	9,321
			619	(F)	
Total noninterest expense	**20,127**	**6,501**	**475**		**27,103**
Income from continuing operations before income taxes	**15,861**	**3,961**	**99**		**19,921**
Applicable income tax expense	**5,051**	**1,406**	**141**	(Q)	**6,598**
Income from continuing operations	**$ 10,810**	**$ 2,555**	**$(42)**		**$13,323**
Income from continuing operations available to common shareholders	**$ 10,806**	**$ 2,537**	**$(42)**		**$13,301**
Per common share information					
Earnings per share-continuing operations	**$ 7.27**	**$ 2.42**			**$ 6.43**
Diluted earnings per share-continuing operations	**$ 7.13**	**$ 2.41**			**$ 6.33**
Dividends paid	**$ 2.88**	**$ 1.40**			**$ 2.88**
Average common shares issued and outstanding (in thousands)	**1,486,703**	**1,048,700**	**(466,357)**	(R)	**2,069,046**
Average diluted common shares issued and outstanding (in thousands)	**1,515,178**	**1,054,100**	**(468,758)**	(R)	**2,100,520**

(1) See Notes to Unaudited Pro Forma Condensed Combined Financial Information.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1—Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information related to the merger is included as of and for the year ended December 31, 2003. The pro forma adjustments included herein reflect the conversion of FleetBoston common stock into Bank of America common stock using an exchange ratio of 0.5553 of a share of Bank of America common stock for each of the 1,063,968,000 shares of FleetBoston common stock outstanding at December 31, 2003, $271 million related to the conversion of 1,082,450 shares of preferred stock and $1.12 billion for the approximately 87 million shares of FleetBoston common stock issuable under outstanding stock options that will convert into Bank of America stock options. The estimated purchase price of $46.7 billion, includes, direct acquisition costs, the value of stock options, and is based on a per share price for Bank of America common stock of $76.88, which was the average of the closing prices of Bank of America common stock for the period commencing two trading days before, and ending two trading days after, October 27, 2003, the date of the merger agreement. The purchase price was adjusted to reflect the effect of the 15.7 million shares of Fleet common stock already owned by Bank of America valued at their historic cost of $457 million. Bank of America preferred stock to be exchanged was valued using the book value of FleetBoston preferred stock.

The merger will be accounted for using the purchase method of accounting; accordingly, Bank of America's cost to acquire FleetBoston will be allocated to the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of FleetBoston at their respective fair values on the date the merger is completed.

The unaudited pro forma condensed combined financial information includes estimated adjustments to record the assets and liabilities of FleetBoston at their respective fair values and represents management's estimates based on available information. The pro forma adjustments included herein may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after completion of a final analysis to determine the fair values of FleetBoston's tangible, and identifiable intangible, assets and liabilities as of the completion date. Accordingly, the final purchase accounting adjustments and integration charges may be materially different from the pro forma adjustments presented in this document. Increases or decreases in the fair value of the net assets, commitments, executory contracts and other items of FleetBoston as compared to the information shown in this document may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities.

Certain amounts in the historical consolidated financial statements of FleetBoston have been reclassified to conform with Bank of America's historical financial information presentation. Discontinued operations reported in FleetBoston's historical consolidated statement of income have been excluded. The unaudited pro forma condensed combined financial information presented in this document does not necessarily indicate the results of operations or the combined financial position that would have resulted had the merger been completed at the beginning of the applicable period presented, nor is it indicative of the results of operations in future periods or the future financial position of the combined company.

Note 2— Pro Forma Adjustments

The unaudited pro forma condensed combined financial information for the merger includes the pro forma balance sheet as of December 31, 2003 assuming the merger was completed on December 31, 2003. The pro forma Statement of Income for the year ended December 31, 2003 was prepared assuming the merger was completed on January 1, 2003.

The unaudited pro forma condensed combined financial information reflects the issuance of 590,821,000 shares of Bank of America common stock with an aggregate fair value of $45.4 billion, the issuance of $271 million of

Bank of America preferred stock and the conversion of approximately 87 million FleetBoston stock options of approximately $1.12 billion at December 31, 2003. The purchase price was adjusted to reflect the effect of the 15.7 million shares of Fleet common stock already owned by Bank of America valued at their historic cost of $457 million. Common stock and preferred stock issued in the exchange was valued using the methodology discussed in Note 1 above.

Substantially all of the FleetBoston stock options vest upon completion of the merger and will be converted into Bank of America stock options. The fair value of the Bank of America options that will be issued in exchange for the FleetBoston options was estimated using a Black-Scholes option pricing model. Option pricing models require the use of highly subjective assumptions including expected stock price and volatility that when changed can materially affect fair value estimates. Accordingly, the model does not necessarily provide for a reliable single measure of the fair value of employee stock options. The more significant assumptions used in estimating the fair value of the Bank of America stock options to be issued in the exchange for FleetBoston stock options include a risk-free interest rate of 3.82%, a dividend yield of 4.40%, a weighted average expected life of seven years and volatility of 26.57%. The seven-year term was based on the weighted average expected term to expiration of these options.

The allocation of the purchase price follows:

(Dollars in millions)	December 31, 2003	
Purchase Price		
FleetBoston common stock outstanding (in thousands)	1,063,968	
Exchange ratio	0.5553	
Total Bank of America Common Stock to be issued (in thousands)	590,821	
Purchase price per Bank of America common share	$ 76.88	
		$45,422
FleetBoston preferred stock converted to Bank of America preferred stock		271
Fair value of outstanding stock options, direct acquisition costs, and the effect of Fleet shares already owned by Bank of America		990
Total purchase price		$46,683
Less: Net assets acquired		
FleetBoston stockholders' equity	$ 18,280	
FleetBoston goodwill and other intangible assets	(4,571)	
Estimated adjustments to reflect assets acquired at fair value:		
Securities	(9)	
Loans and leases	(462)	
Premises and equipment	(481)	
Identified intangibles	3,458	
Other assets and deferred income taxes	(246)	
Estimated amounts allocated to liabilities assumed at fair value:		
Deposits	(300)	
Commercial paper and other short-term borrowings	(11)	
Other liabilities	(229)	
Exit and termination liabilities	(670)	
Long-term debt	(912)	
	13,847	
Goodwill resulting from merger		$32,836

The pro forma adjustments included in the unaudited pro forma condensed combined financial information are as follows:

(A) Adjustment to fair-value the securities portfolio.

(B) Reflect the reduction in securities owned and associated net gain reflected in Other Comprehensive Income for Fleet stock already owned by Bank of America.

(C) Adjustment to fair-value the loan and lease portfolio. The adjustment will be recognized over the estimated remaining life of the loan and lease portfolio. The impact of the adjustment was to increase interest income by approximately $106 million for the twelve months ended December 31, 2003.

(D) Adjustment to fair-value owned real estate, leased property and related improvements, signage and computer equipment. The effect of these adjustments is to reduce occupancy costs by $44 million and equipment costs by $19 million for the twelve months ended December 31, 2003.

(E) Adjustment to write off historical FleetBoston goodwill and record goodwill created as a result of the merger.

(F) Adjustment to write off historical FleetBoston intangible assets (other than goodwill) and to record intangible assets (other than goodwill) resulting from the merger based on estimated fair values. The nature, amount and amortization method of various possible identified intangibles are being studied by management. The adjustments reflected herein are based on current assumptions and valuations, which are subject to change. For purposes of the pro forma adjustments shown here, we have estimated a core deposit intangible of $2.4 billion, a purchased credit card relationship intangible of $660 million and other customer relationship intangibles of $408 million. We estimate these intangibles will be amortized over a period not to exceed ten years, on an accelerated basis for the core deposit intangible and purchased credit card relationship intangible and a straight-line basis for the other intangibles. The value of the intangibles represents the estimated future economic benefit resulting from the acquired customer balances and relationships. This value was estimated by considering cash flows from the current balances of accounts, expected growth or attrition in balances, and the estimated life of the relationship. Material changes are possible when our analysis is completed. The impact of these adjustments is to increase other general operating expense by $619 million for the twelve months ended December 31, 2003.

(G) Adjustment to fair-value other assets including pre-paid pension assets, computer software, deferred costs, other miscellaneous items and deferred tax assets, net of deferred tax liabilities, resulting from the pro forma adjustments. Deferred taxes were recorded using Bank of America's expected statutory rate of 36.9%.

(H) Adjustment to fair-value fixed-rate deposit liabilities based on current interest rates for similar instruments. The adjustment will be recognized over the estimated remaining term of the related deposit liability. The impact of the adjustment was to decrease interest expense by approximately $175 million for the twelve months ended December 31, 2003.

(I) Adjustment to fair-value short-term borrowings. The adjustment will be recognized over the estimated remaining life of the related instruments. The impact of the adjustment was to decrease interest expense by $11 million for the twelve months ended December 31, 2003.

(J) Adjustment to accrued expenses and other liabilities consists of $224 million that mainly reflects the fair value of pension liabilities, change in control liabilities, accrued direct acquisition costs and current interest rate adjustments to deferred compensation plans.

(K) For purposes of the pro forma adjustments shown here, we have estimated that the exit and termination liability of FleetBoston operations will be approximately $670 million. Included in the $670 million are approximately $500 million for severance and relocation and approximately $170 million for contract terminations . See Note 3 for Bank of America's Merger Related and Restructuring Expenses.

(L) Adjustment to fair-value outstanding long-term debt instruments. The adjustment will be recognized over the remaining life of the long-term debt instruments. The impact of the adjustment was to decrease interest expense by approximately $311 million for the twelve months ended December 31, 2003.

(M) Adjustment to eliminate FleetBoston's historical stockholders' equity, except for the preferred stock which is expected to be converted on a one-for-one basis into Bank of America preferred stock. Additionally, the adjustment reflects the issuance of Bank of America common stock, net of the Fleet stock already owned by Bank of America, and the conversion of FleetBoston stock options into Bank of America stock options.

(N) Certain unrealized gains currently reflected in other comprehensive income by Fleet will be accounted for as a premium paid by Bank of America and will be recognized over the remaining life of the securities portfolio. The impact of the amortization of the premium was to decrease interest income by approximately $29 million for the twelve months ended December 31, 2003.

(O) Adjustment of fixed-rate deferred compensation plans to current interest rates discussed in (J) above.

(P) Adjustment to reflect various purchase accounting adjustments, primarily the reversal of amortization of intangible assets recorded in FleetBoston's historical financial statements.

(Q) Adjustment to record the tax effect of the pro forma adjustments using Bank of America's statutory tax rate of 36.9%. The increase in the effective tax rate from the statutory rate of 36.9% reflects the effect of the accounting for leverage leases in accordance with Financial Accounting Standards Board Interpretation No. 21 "Accounting for Leases in a Business Combination" (FIN 21).

(R) Weighted average shares were calculated using the historical weighted average shares outstanding of Bank of America and FleetBoston, adjusted using the exchange ratio, to the equivalent shares of Bank of America common stock, for the year ended December 31, 2003. Earnings per share data has been computed based on the combined historical income of Bank of America, income from continuing operations for FleetBoston and the impact of purchase accounting adjustments.

Note 3— Merger Related and Restructuring Expenses

In connection with the merger, we have been developing our plan to integrate Bank of America's and FleetBoston's operations. Merger related and restructuring expenses have been estimated to be approximately $1.3 billion pre-tax and are related to system conversion, rebranding, customer communications, and severance for Bank of America employees of approximately $240 million. The specific details of these plans will continue to be refined over the next several months. Merger related and restructuring expenses will be recorded based on the nature and timing of these integration actions and is expected to be incurred over a two year period after completion of the merger. See Note 2 (K) for information related to FleetBoston's severance, relocation and contract termination liabilities.

Note 4—Estimated Annual Cost Savings

The following estimated annual cost savings represent our estimate only and may not be indicative of the actual amount or nature of the cost savings the combined company actually achieves. The below information does not include the impact of possible revenue opportunities. The following table summarizes Bank of America's estimated annual after-tax cost savings when fully phased in after the merger:

	Annual After-Tax Cost Savings
Personnel Expenses	$500 - 600 million (A)
Technology Initiative Reductions	175 - 225 million (B)
Vendor Leverage	125 - 150 million (C)
Marketing Programs	75 - 100 million (D)
Occupancy Expenses	25 - 50 million (E)
Other	200 - 250 million (F)
Total	$1.100 – 1.375 billion

(A) Personnel reduction cost savings are projected to occur from reduced line of business personnel costs and elimination of duplicative corporate and administrative functions.

(B) Technology Initiative Reductions are projected to result in cost savings due to reduced technology and initiative project expenses.

(C) Vendor leverage cost savings are projected to result in an annual cost savings due to purchasing efficiencies from the combined company's negotiating power to achieve reduced rates for services provided.

(D) Marketing and related cost savings are projected from the consolidation of advertising and marketing efforts under a common brand.

(E) Occupancy and related cost savings are projected to result from consolidation of personnel into a reduced number of office facilities and leased space.

(F) Other cost savings are projected to result from reduced general administrative and general operating costs.

Note 5- Capital and Leverage Ratios

The pro forma regulatory risk based capital ratios as of December 31, 2003 are Tier 1 of 7.65%, Total of 11.48%, and a leverage ratio of 5.96%. The regulatory risk based capital and leverage ratios represent our estimate only and may not be indicative of the ratios the combined company actually achieves.

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ANNEX F

FLEETBOSTON FINANCIAL CORPORATION

SELECTED FINANCIAL DATA

The following table contains selected financial data for FleetBoston as of December 31, 2003 and December 31, 2002 and for each of the years in the three-year period ended December 31, 2003, derived from the audited financial statements of FleetBoston. This information should be read together with the audited financial statements of FleetBoston and the notes thereto, which are included in the Corporation's Form 8-K/A, filed with the SEC on April 14, 2004, and incorporated by reference in this Offering Circular.

	Year Ended December 31,		
	2003	2002	2001
	(Amounts in millions, except per share amounts and ratios) (Prepared on a fully taxable equivalent basis)		
For the Year			
Net interest income	$ 6,447	$ 6,483	$ 7,344
Noninterest income	5,091	5,036	4,555
Total revenue	11,538	11,519	11,899
Noninterest expense	6,501	6,404	7,977
Provision for credit losses	1,025	2,760	2,324
Income from continuing operations	2,555	1,524	968
Income/(loss) from discontinued operations	43	(336)	(37)
Net income	2,598	1,188	931
Per Common Share			
Basic earnings:			
Continuing operations	$ 2.42	$ 1.44	$ 0.88
Net income	2.46	1.12	0.84
Diluted earnings:			
Continuing operations	2.41	1.44	0.87
Net income	2.45	1.12	0.83
Market price (year-end)	43.65	24.30	36.50
Cash dividends declared	1.40	1.40	1.34
Book value (year-end)	16.94	15.78	16.61
Ratios			
Continuing operations:			
Return on average assets(1)	1.32%	0.82%	0.48%
Return on average common equity	14.78	8.84	4.96
Net income:			
Return on average assets	1.34	0.63	0.45
Return on average common equity	15.04	6.87	4.77
Common dividend payout ratio	56.91	125.00	159.52
Net interest margin	3.81	4.01	4.18
Common equity-to-assets (year-end)	8.99	8.70	8.51
Average total equity-to-assets	8.96	9.12	9.25

	December 31,	
	2003	2002
	(Amounts in millions)	
At Year-End		
Assets	$200,235	$190,453
Securities	31,370	30,425
Loans	128,949	120,380
Reserve for credit losses	3,074	3,864
Assets of discontinued operations	155	654
Deposits	137,764	125,814
Short-term borrowings	11,178	11,310
Long-term debt	17,557	20,581
Liabilities of discontinued operations	118	548
Total stockholders' equity	18,280	16,833

(1) Net income from continuing operations divided by total average assets less average assets of discontinued operations.

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