



September 9, 2009

Hon. Edolphus Towns, Chairman
Committee on Oversight and Government Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Towns:

I write in further response to your letter of July 14, 2009, requesting an update on the status of a proposed agreement between Bank of America and the United States Government to provide a guarantee in the event of unusually large losses on an asset pool made up primarily of Merrill Lynch assets. We hope that the additional information provided here, as well as our earlier staff briefings and the continuing availability of senior executives from the bank to keep you updated on this matter, will be of assistance to the Committee as we work with the executive branch towards resolution of this issue.

On January 15, 2009, Bank of America and the Government (through the Treasury Department, the Federal Reserve, and the Federal Deposit Insurance Corporation) agreed to a "Summary of Terms" for an "Eligible Asset Guarantee." What was envisioned was that the bank would pay premiums and receive protection in the event of catastrophic losses on a pool of primarily Merrill Lynch assets. The bank would also gain access to a non-recourse loan facility operated by the FDIC. Government and bank officials spent an additional four months in negotiations prior to the bank announcing the termination of negotiations on May 7, 2009.

As you know, bank and Government representatives are currently in discussions about the degree to which the bank should compensate the Government. Those discussions have been thoughtful and professional and are continuing this week. We are committed to achieving a resolution of this issue and we are confident that we will meet that objective.

Please let us know if the bank can be of any further assistance to the Committee on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "K. D. Lewis".

Kenneth D. Lewis
Chief Executive Officer and President

cc: Hon. Darrell E. Issa, Ranking Member