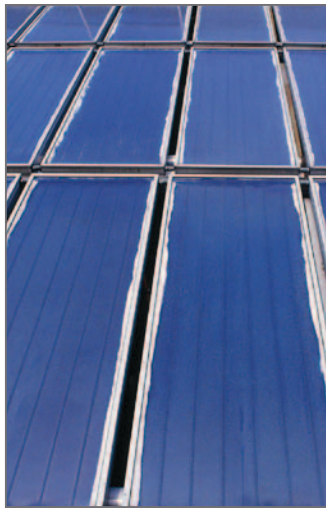




Bank of America

Environmental Progress Report

2010



Our 10-year, \$20 billion commitment is addressing climate change and helping to set opportunity in motion.



ABOUT THIS REPORT

As one of the world's largest financial institutions, Bank of America understands the powerful role it can play in addressing the private-sector financing and economies of scale needed to build a low-carbon economy. That's why we have made commitments to align our financial products and services to the burgeoning market for low-carbon energy, including wind, solar, biomass, nuclear and other emerging technologies. Our goal is to serve all customer audiences — from large corporate clients and institutional investors to individual consumers and small businesses. That's the cornerstone of Bank of America's environmental strategy. At the same time, we have taken measurable action to reduce the environmental impact of our own operations, an effort that encompasses the ongoing integration of Merrill Lynch. We're helping communities by building environmentally sustainable affordable housing and making schools and government buildings more energy efficient. We are also advancing the important work of environmental groups by providing direct philanthropic support.

Our stakeholders should know that our environmental business initiative is a program of continuous improvement. There is much we have done. But we also know there is much more we can do. Readers will find examples of both in this report, a reflection of our commitment to transparency in reporting on our environmental policies, practices and initiatives. We're excited to tell our story, because we know the transition to renewable and low-carbon energy can drive global economic recovery by creating new businesses, technologies and jobs.

This report is intended to provide stakeholders—clients, customers, non-governmental organizations (NGO's), associates and all those concerned about global climate change—with an update on our progress toward our goals and commitments. We view it as a bridge between our most recent Global Reporting Initiative (GRI) report, published in 2009, which includes environmental initiatives from 2007 and 2008, and a comprehensive Bank of America corporate social responsibility report planned for 2011, which will also adhere to the GRI reporting framework.

We include detailed updates on Bank of America's environmental business initiative, a 10-year, \$20 billion commitment to address global climate change, primarily through lending, investing, products and services and our own operations. Some of these accomplishments have been reported as part of Bank of America's Lending & Investing Initiative, a quarterly update on 10 key areas in which the bank is helping to drive economic recovery and community revitalization. Other initiatives are disclosed publicly in this report for the first time.

This report is not intended to be a comprehensive compilation of all of Bank of America's environmental data and projects. The transactions, partnerships, products, services and data on the pages ahead are meant to be representative and illustrative, not exhaustive. For those interested in greater detail about our various environmental initiatives, we encourage you to visit page 15 of this report, which includes links to additional sources.



EXECUTIVE MESSAGE

We have completed \$8.4 billion toward our \$20 billion environmental commitment, committing \$5.4 billion in lending and investing activities and facilitating nearly \$3 billion in capital markets activity.



“ This business initiative is far more than doing good for its own sake – it has proven to be a long-term, compelling business opportunity for our clients, our company and our shareholders. ”



BRIAN T. MOYNIHAN
President and
Chief Executive Officer
Bank of America

For more than two decades, Bank of America has aspired to environmental leadership in the financial services sector. In 2007, we announced a 10-year, \$20 billion business initiative to address climate change through our lending, investing, products and services, and our own operations. This initiative is far more than doing good for its own sake—it has proven to be a long-term, compelling business opportunity for our clients, our company and our shareholders.

Three years later, Bank of America has delivered tangible results that will have lasting effects on the communities and clients we serve. I am pleased to report that as of the second quarter of 2010, we are exceeding our targets. We have completed \$8.4 billion toward our \$20 billion environmental commitment, including \$5.4 billion in lending and investing activities and facilitating nearly \$3 billion in capital markets activity.

This report documents some of our successes to date. Highlights of our achievements include:

- In 2004, we committed to reduce our total greenhouse gas emissions by 9 percent by the end of 2009. We achieved double that goal by improving the energy efficiency of our new office construction, retrofitting existing structures and reducing our office space.
- On behalf of our institutional clients, we have provided industry-leading carbon trading services and offered advice on more than \$2 billion in low-carbon energy mergers, acquisition and other financial transactions on behalf of both large and small renewable energy companies.
- In the spring of 2010, we opened The Bank of America Tower at One Bryant Park, a landmark property on the New York City skyline and the first commercial high-rise in U.S. history to achieve LEED® (Leadership in Energy and Environmental Design) Platinum certification from the U.S. Green Building Council (USGBC). A few weeks later, we opened 1 Bank of America Center in Charlotte, N.C., for which we are currently seeking LEED Gold certification.

At Bank of America, we are helping to create a more sustainable economy for future generations. I ask you to read this report in the spirit in which it is offered: as yet another example of our renewed and invigorated commitment to clarity, transparency and fairness in everything we do.



FINANCING A LOW-CARBON ECONOMY: Setting Opportunity in Motion

The transition to a low-carbon economy is a complex endeavor that requires choices and actions by us all—individuals, communities, businesses, governments and non-governmental organizations (NGOs).



Financial institutions, with their capacity to finance growth and innovation, can and will play a critical role in this transition. At Bank of America, we understand that the intellectual and financial capital that must be mobilized to implement and

commercialize low-carbon energy generation can set opportunity in motion by creating new businesses, technologies and jobs and creating healthier communities. As an international enterprise, we have the depth of expertise, resources and global reach to finance companies and developers, support our clients' energy initiatives and create market mechanisms that help drive investment flows toward low-carbon energy activities.

Bank of America's 10-year, \$20 billion environmental business initiative was designed to be a catalyst for an acceleration of low-carbon activities across the markets we serve. Our strategy is to put our capital, capabilities and associates to work on behalf of clients and customers across the business continuum. This includes companies that require strategic investments or access to capital markets to develop and commercialize innovative energy technology; commercial real estate developers and businesses seeking loans to finance energy-efficient expansion; larger

enterprises where the leasing of energy-saving equipment can provide a cost-effective way to become more efficient or utilize renewable sources of energy; and investors seeking guidance on emerging opportunities in the alternative energy sector.

By the middle of 2010, we had delivered \$8.4 billion toward our \$20 billion goal, a pace that puts us well ahead of our 10-year plan. Our progress to date demonstrates the multiple ways that our company is helping to address climate change, including Investment Banking (\$2.8 billion), Commercial Real Estate Banking (\$2.8 billion), Leasing (\$2.2 billion), Strategic Environmental Investments (\$265 million), Commodities (\$102 million), Philanthropy (\$21 million) and our own Corporate Workplace initiative (\$233 million). Here are recent examples of how Bank of America is working to help clients reduce greenhouse gas (GHG) emissions.

Energy Efficiency

Bank of America provides financing for a wide range of construction projects and facility improvements that enhance the energy efficiency of newly constructed and existing commercial buildings, federal, state and local government buildings, hospitals and schools.

Leasing: In Washington, D.C., for example, the U.S. Capitol building is being retrofitted with lighting, heating and cooling equipment financed by a Bank of America subsidiary through its client,

Ameresco Inc., a company that designs and installs solutions to cut energy and maintenance costs for a customer base comprised largely of federal, state and local governments in North America.

The iconic two-century-old Capitol Hill landmark operates under the jurisdiction of the Architect of the Capitol, the agency responsible for historical preservation and incorporating energy-efficiency features. Once the new equipment financed by the bank is installed and operational, annual energy savings are expected to reach 4,637 megawatt hours of electricity and 107,587 million BTUs (British thermal units) of steam and chilled water energy. In the first full year alone, the financial savings from this initiative are projected to be \$2.3 million. Bank of America had previously worked with the Architect of the Capitol and Ameresco to provide financing for energy conservation measures at three other Capitol Hill locations.

Investment Banking: Bank of America Merrill Lynch was also the sole bookrunner on Ameresco's initial public offering, one of the most prominent clean energy IPOs of 2010. The transaction creates the first publicly-traded company focused exclusively on energy efficiency, a fast growing renewable energy sub-industry expected to reach \$500 billion in market size by 2020 in the U.S. alone.

Commercial Real Estate: Bank of America closed a \$27.5 million loan to the Aventura, Fla.-based Trump Group to build the largest industrial facility in the U.S. The 1.8 million square-foot project, located in Riverside County, Calif., will allow a popular footwear manufacturer to consolidate several of its Southern California factories into one location. Once complete, the builders will seek LEED® Silver certification from the USGBC for features that include such energy-efficient design elements as solar power, water conservation and reduced energy consumption through natural lighting, ventilation and specialized water quality and storm water programs. The project is expected to create more than 3,000 construction, hourly and permanent jobs.

Renewable Energy

Bank of America has increased its focus on investing in and financing the development and use of cleaner renewable energies. Recent examples include:

Solar

- Bank of America's renewable energy finance team arranged the financing for a \$23.9 million lease to a major solar company for the installation of photovoltaic solar power generation systems at seven Walmart and Sam's Club retail locations in Southern California. The photovoltaic systems provide enough power to meet up to 30 percent of each location's energy needs. The solar leasing deal helps advance Walmart's commitment to supply its stores with 100 percent renewable energy.
- Bank of America Merrill Lynch acted as financial advisor to Acciona, S.A. on the sale of a 34 percent stake in a Portuguese photovoltaic power plant, Amper Central Solar, to Mitsubishi Corp. Based in Madrid, Spain, Acciona is a global leader in renewable energy, water services and infrastructure solutions. This transaction was the cornerstone of an agreement between Acciona and Mitsubishi to develop and operate renewable energy projects, with a targeted investment of €2 billion.



Wind

- Bank of America provided \$43.6 million in tax equity to Peace Garden Wind Funding, a new wind power tax equity partnership managed by NextEra Energy Resources, the largest North American generator of renewable wind and solar energy. Peace

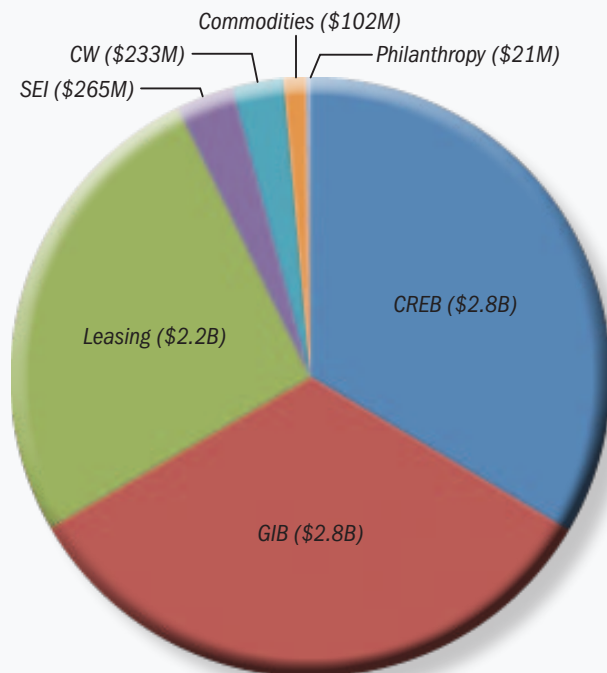
Garden Wind consists of two wind farms in North Dakota capable of generating sufficient power to serve more than 55,000 homes in that and nearby states.



to fund a project that includes a cogeneration facility and two smaller biomass heating facilities that are primarily fueled with byproducts from timber harvesting. Under the U.S. Department of Energy's largest-ever Energy Savings Performance Contract, the agency contracted with Ameresco Federal Solutions to design, construct, operate, maintain and fuel the new biomass facility over a 20-year period. The new biomass project replaces a deteriorating, inefficient coal power plant and oil-fired boilers at a savings of approximately \$35 million a year in energy, operational and maintenance costs, and reduces air-borne pollutants, including 100,000 tons per year of GHG emissions.

Biomass

- The Savannah River Site (SRS), located near Aiken, S.C., is a top research hub for scientists and engineers working on new solutions in global energy. Bank of America provided \$70 million in financing



*March 2007 - June 2010

\$20 Billion Commitment Progress

- Commercial Real Estate Banking (CREB):** finances projects with LEED® certification, ENERGY STAR, Brownfield redevelopment and use of renewable energy tax credits
- Global Investment Banking (GIB):** facilitates capital flows to clients developing and adopting low-carbon technologies
- Leasing:** finances utility-scale renewable energy projects
- Strategic Environmental Investments (SEI):** places private equity in renewable energy companies
- Corporate Workplace (CW):** invests in energy efficiency initiatives in company facilities and LEED certification in all new construction of banking centers and offices
- Commodities:** invests in carbon risk management and markets
- Philanthropy:** supports nonprofits focused on climate change

Biofuel

- Bank of America led a \$103 million private placement to fund a cogeneration plant for Shree Renuka Sugars, one of the largest producers and marketers of sugar-based ethanol in India. The plant will produce power from a sugar byproduct, bagasse, for captive consumption and sale to the state electrical grid. The residue from these operations can also be used to produce bio-fertilizers.

Carbon Market Services

Bank of America Merrill Lynch operates an active carbon market services business that provides risk management, market access and liquidity, and structured finance to a variety of corporate clients looking to offset carbon emissions or manage their carbon exposure.

In 2008, we engineered a ground-breaking transaction to preserve a 750,000-hectare refuge in the Aceh province of Indonesia, an ecologically sensitive region recovering from the Indian Ocean tsunami of 2004. A partnership was formed with Carbon Conservation, an Australian company, to monetize carbon credits generated by a commitment to preserve the rainforest in perpetuity. The transaction will generate income for the indigenous people who depend upon the forest for their livelihood, in addition to protecting a habitat for endangered Sumatran rhinoceros, tigers, orangutans, elephants and clouded leopards.

More recently, Bank of America Merrill Lynch facilitated a carbon credit agreement with four Chinese wind farms located in the Shandong, Hebei and the Inner Mongolia provinces of China, owned by Guohua Energy Investment Company, a subsidiary of China Shenhua Energy Company, the largest coal mining enterprise in the country. The wind farms, operational since 2009, have been registered with the United Nations and have the ability to generate more than 1.5 million carbon credits by 2012.

The bank also purchased carbon credits and acted as a carbon monetization agent for the International Bank for Reconstruction and Development, a division of the World Bank, which in its role as Trustee of the Adaptation Fund is helping to generate financing for countries most vulnerable to climate change.

Helping Consumers Reduce Their Carbon Footprint

Bank of America offers products and services that enable consumers to reduce their environmental footprint and support the work of leading environmental organizations.

- We offer customers a range of options for “e-delivery.” Through Online Banking and Bill Pay, e-statements, deposit image ATMs and other products, the bank is working with customers to significantly reduce overall paper consumption. E-delivery reduces paper usage, cuts cost to the bank and provides customers more ways to protect their privacy. In April 2010, Bank of America reported a 38 percent increase in the number of paper account-related communications suppressed through digital delivery. With the complete upgrade of more than 13,800 deposit-image ATMs, which no longer require envelopes for deposits, we eliminated the use of more than 2.2 million pounds of paper in 2009.
- Brighter Planet™ Affinity Banking offers credit and debit cards that help customers finance community-based renewable energy projects. To date, more than 150,000 Bank of America Brighter Planet customers have helped fund the construction of 19 community renewable energy projects in the U.S., preventing the release of more than 200 million pounds of carbon dioxide into the atmosphere as of June 2010.
- We have partnered with several environmental groups to offer Affinity Banking products in which a customer’s preferred organization receives a contribution with each qualified purchase.
- Bank of America currently offers two green mortgages to customers. With the Energy Credit Mortgage, homebuyers can receive up to a \$1,000 credit for each home-purchase meeting Energy Star specifications. The Energy Efficiency Mortgage allows borrowers to finance energy-efficient home improvement by adding the costs of the improvements to their home loan.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

As an industry, banking has a smaller environmental footprint than such sectors as manufacturing, mining or energy. But it would be a mistake to say the footprint of the financial services industry is small.



*1 Bank of America Center
Charlotte, N.C.*

At Bank of America, we have nearly 300,000 associates working in more than 40 countries. Globally, we occupy 123.6 million square feet of space, including more than 6,000 banking centers in the U.S. alone. Each day, our operations consume 10 million gallons of water and result in more than 5,000 tons of GHG emissions, not including the impact of associates' daily commute and business travel.

The sheer scale that gives us the potential to play a part in financing

the transition to a low-carbon economy has its counterpart in the environmental impact of our operations and our supply chain. That's why Bank of America has developed a comprehensive approach to managing our own emissions and reducing our environmental footprint. Our efforts encompass: 1) our operations 2) our associates and 3) our supply chain.

Our Operations

In 2004, Bank of America joined with other members of the U.S. Environmental Protection Agency's Climate Leaders program to reduce our GHG emissions by 9 percent by the end of 2009. Within

five years, we have surpassed this, achieving reductions of 18 percent, or double our initial commitment from a 2004 baseline. Now, the addition of two significant businesses — Merrill Lynch and Countrywide — compels us to create a fresh baseline upon which to measure our progress on GHG reductions going forward. We are currently developing specific goals for future years.

Energy efficiency initiatives account for the most significant reductions in Bank of America's GHG emissions. Over the past three years, we have invested more than \$150 million in energy conservation measures, such as energy-efficient lighting and HVAC systems, for our facilities. Our Corporate Workplace Intelligent Command Control Center (iC3), which centralizes the monitoring and control of energy usage in buildings across our portfolio, reduces not only emissions but costs: we've saved more than \$100 million since 2004.

Bank of America's focus on energy efficiency includes a commitment to build all new banking centers to meet LEED® standards. Our commitment to achieve LEED certification for new construction totals \$1.4 billion over 10 years.

Bank of America now occupies more than 10 million square feet certified under the LEED Rating System, including LEED for New Construction, LEED for Core & Shell and LEED for Existing Buildings. One notable success is The Bank of America Tower at One Bryant Park in New York City, which recently achieved LEED



Bank of America Tower at One Bryant Park, New York, N.Y.

Platinum certification, marking the first time in U.S. history that a commercial high-rise office building attained the highest LEED Green Building Rating for environmental performance and sustainability.

The tower has been designed to reduce peak daytime energy demand 30 percent by utilizing a wide range of high-performance environmental technologies. A highly efficient on-site cogeneration plant will provide nearly two-thirds of the tower's annual electricity requirements. Water-saving strategies, including systems that capture and use nearly all of the rain that falls on the rooftop, save more than 7 million gallons of water a year, a nearly 50 percent reduction. In June 2010, the tower received the Council on

Tall Buildings and Urban Habitat 2010 Best Tall Building Award for the Americas region.

We are currently pursuing LEED Gold certification on the newly completed 1 Bank of America Center, a 30-story, 750,000-square foot office building in Charlotte, N.C. The building incorporates sustainable construction features including rainwater and groundwater collection; low water-flow fixtures; bike racks, showers and changing space, so associates can cycle to the office; and offices and meeting spaces illuminated by natural light. In just one year, these features will save enough energy to power 260 homes and save more than 3.3 million gallons of water.

The Bank of America Corporate Center, our headquarters building in Charlotte, was completed in 1992 and achieved LEED for Existing Buildings certification in 2010.

In addition to raising the efficiency of the space we occupy, space reduction provides another path to lowering our GHG emissions. In 2010, we will eliminate 6.4 million square feet of commercial office space. We have plans to further reduce our occupied space by 16 million square feet by the end of 2013.

Our Associates

At Bank of America, we recognize that our associates can make a significant impact, individually and together. Our new Make an Impact program, developed in partnership with the Pew Center for Global Climate Change, encourages associates to reduce their own carbon emissions through a series of interactive in-person educational workshops, grassroots activities, a dedicated website and a carbon calculator. This multi-channel approach gives associates tools to set personal reduction goals, measure their carbon footprint, track their progress, and encourage coworkers, family and friends to participate. The added benefit is that Bank of America can measure and monitor progress on energy use and emissions reduction across our associate base.



Make an Impact Associate Event, Newark, N.J.

Bank of America offers other programs to help associates minimize their carbon footprint. Our hybrid vehicle reimbursement program, launched in 2007, reimburses associates \$3,000 when they purchase a new hybrid vehicle. To date, more than 3,000 associates have traded in conventionally powered vehicles for hybrids that on average doubled their fuel economy to 40 miles per gallon and avoided nearly 4,000 tons of CO₂ emissions. The overwhelming majority of participants—94 percent—tell us the program influenced their car-buying decision. In 2010, we expanded the program to include highway-capable electric vehicles and compressed natural gas vehicles.

Our Supply Chain

Bank of America understands that our global scale provides us with significant opportunities to encourage our suppliers to increase their focus on climate change and resource efficiency. In June 2010, we held our Global Supply Chain Conference, a two-day event attended by approximately 100 suppliers. Conference representatives were strongly encouraged to

participate in the Carbon Disclosure Project's comprehensive emissions reporting program. Our long-range goal is to build awareness of Bank of America's sustainable supply chain management priorities and encourage suppliers to take additional steps to address GHG emissions in their own business activities.

2009 Bank of America Emissions Data

Emissions Source	Emissions (metric tons CO _{2e})			% of Total
	U.S.	International	Total	
Scope 1 Emissions				
Stationary Combustion	96,363	9,414	105,776	4%
Mobile Combustion	9,994	0	9,994	0.4%
Refrigeration	18,364	0	18,364	0.7%
Other Fugitive	166	0	166	0.0%
<i>Subtotal</i>	124,887	9,414	134,301	5%
Scope 2 Emissions				
Electricity	1,735,243	138,795	1,874,038	67%
Steam	13,613	0	13,613	0.5%
Chilled Water	1,667	0	1,667	0.1%
<i>Subtotal</i>	1,750,523	138,795	1,889,319	67%
Scope 3 Emissions				
Commuting	591,779	51,935	643,714	23%
Air Travel	98,540	41,860	140,399	5%
Contractor Vehicles	6,131	0	6,131	0.2%
<i>Subtotal</i>	696,449	93,795	790,244	28%
Total Emissions	2,571,860	242,004	2,813,864	
Reductions from Green Power	15,340	0	15,340	
Net Emissions	2,556,520	242,004	2,798,524	
<p>U.S. totals in blue are based on reporting to EPA Climate Leaders. International totals are based on best available data and estimates, and will be refined in future years.</p>				



BUILDING ENVIRONMENTALLY HEALTHY COMMUNITIES

Recognizing that the health of our company is dependent on the health of the communities we serve, the Bank of America Charitable Foundation will donate \$50 million over 10 years to support nonprofit organizations focused on addressing climate change.



International Coastal Cleanup, Washington, D.C.

In addition, as part of our \$20 billion environmental business initiative, and the bank's broader focus on community development, Bank of America provides financing for energy retrofitting and developing green affordable housing and schools. Taken together, our philanthropic and commercial community-based activities are intended

to promote the transition to a low-carbon economy — improving the environmental health of communities while furthering green workforce development and training.

Below are some recent examples.

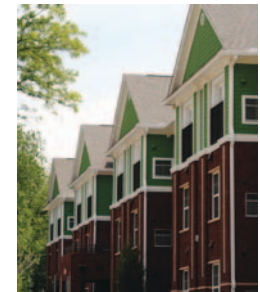
Green Affordable Housing

Bank of America has a long history of funding green affordable housing, which not only helps improve the health of the residents, but makes the cost of living in the home more affordable. Recent projects include:

- Financing the preservation and renovation of Walnut Park Apartments, a 38-unit complex in Portland, Ore. that is home to seniors who live on fixed incomes. In partnership with REACH Community Development and other community-based

organizations, Bank of America provided more than \$7 million in financing for the renovation, which includes sustainability updates to improve indoor air and water quality. Energy improvements will save an estimated 100,000 kilowatt hours in the first year alone.

- Financing the development of 42 housing units for low-to-moderate income seniors in Cherry Gardens, the oldest African-American community in Charlotte, N.C. We invested \$2.8 million in the \$6 million development, which will be the first LEED®-certified affordable housing project in North Carolina.



Cherry Gardens, Charlotte, N.C.

- Funding the first affordable housing development with a LEED Gold certification in the state of Texas, with a LEED Platinum application pending. The Metro Station Apartments is a 150-



Metro Station Apartments, Austin, Texas

unit family complex located along Austin's commuter light rail system. To be completed in 2011, the development will provide homes for low-income families and individuals.



- Providing Concern for Independent Living, LLC with nearly \$17 million in new credit and equity financing to redevelop a brownfield site in Brooklyn, N.Y. The project included the rehabilitation of a former hospital built in 1913. Once complete, the 51,000-square-foot, 65-unit facility will provide supportive affordable housing for mentally challenged individuals at high risk of homelessness. Twenty units have been reserved for those formerly homeless. On-site case management and nonmedical assistance with daily living skills will be provided to residents.



Concern Rochester Apartments, Brooklyn, N.Y.

The bank was a founding partner of Enterprise Community Partners' Green Communities initiative, which is re-thinking how the affordable housing sector designs, locates and builds affordable housing across the country. More recently, the bank partnered with the USGBC to form the Affordable Green Neighborhoods program that will provide educational resources to affordable housing developers and related public agencies pursuing LEED for Neighborhood Development certification. The program focuses on redeveloping previously developed sites, undertaking efforts to strengthen surrounding neighborhoods, engaging stakeholders in the development process, and providing green housing for a wide range of income levels.

Environmental Philanthropy and Volunteerism

Bank of America builds strong partnerships with individuals, nonprofit organizations, leading academic institutions and other businesses to pursue and achieve shared environmental goals. Through our partnerships and alliances, we draw upon a wider set

of experiences, help foster communication among stakeholders and learn more about the markets, clients and communities we serve. Recent examples of our environmentally focused philanthropic and volunteer efforts include:

- Bringing together the National Wildlife Federation, a leading conservation organization, and Jobs for the Future, a national leader in workforce development, to create a pilot program to help community colleges build local green jobs partnerships among green-sector employers, workforce development organizations, unions and other community stakeholders. The two-year pilot includes technical assistance, an extensive series of workshops through community college systems in several regions across the U.S., and an online best practices center with a mix of web resources, reports, model training and retraining programs.
- Supporting Ocean Conservancy's International Coastal Cleanup, the largest volunteer event of its kind focused on addressing environmental concerns by removing debris from the world's oceans and waterways. In 2009 alone, hundreds of bank associates rolled up their sleeves and contributed to the removal of more than 7.4 million pounds of trash in 108 countries and locations across 45 U.S. states.
- In the U.K., we are working alongside two local NGO's on two projects: the Climate Squad and the Waterways Action Squad, both of which are aimed at encouraging young people aged 16 to 25 to engage in environmental volunteering activities across the country.



Earth Day Volunteer Event Lake Mead, Las Vegas, Nev.



OUR ENVIRONMENTAL POLICIES AND PRACTICES

At Bank of America, we recognize that an effective environmental program requires the development of and adherence to concrete policies and practices.



We further recognize that as one of the largest financial institutions in the world, we may consider financing transactions on behalf of clients and customers that, while providing the raw materials and energy that power economic growth, may have a significant impact on the environment. When

considering such transactions, our business focus is to help our clients minimize the adverse impacts of their operations. Our credit policies incorporate an environmental due diligence process, in addition to comprehensive evaluations conducted by consultants and other outside experts. When working with clients that operate in emission-intensive sectors, we apply our risk and underwriting processes and standards to factor in the projected cost of potential environmental and GHG emissions regulations.

Forests Policy

Bank of America recognizes that the sustainable management of forests is a vital component in our society's ongoing effort to mitigate the impact of climate change. We are strong advocates of sustainable forestry investments and have consistently applied our industry's highest standards to our lending, investing and underwriting activities, as well as to our own operations.

Forest Lending

Our forest lending policy stresses the importance of the attainment by our customers and clients of verifiable third-party forestry certification, by incorporating this requirement as a key element of our due diligence process. Our forest lending policy specifically



states that we will take all practical measures to assure that lending proceeds are not used to finance commercial projects or operations that result in resource extraction from or the clearing of primary forests not managed according to sustainable forestry practices as verified by an independent

third-party audit and that we will also not finance companies or projects that collude with, or knowingly purchase timber from, illegal logging operations; or that do not have an explicit policy in place against the uncontrolled and/or illegal use of fire in their forestry or plantation operations.

Paper Procurement Policy

Our paper procurement policy contributes to the ecological health of forests by reinforcing the market for certified forest fiber, by procuring forest products whose fiber is third-party certified according to such credible, independent and widely accepted standards as the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) standards. Our paper procurement policies

mandate the minimal use of paper containing virgin wood fiber and strongly encourage the sourcing of paper from forests that use environmentally preferable practices and protect environmentally sensitive areas.

Energy Policy

Our energy policy is intended to encourage the growth of low-carbon emitting energy sources, such as nuclear power, solar and wind. In the U.S., we have publicly supported the establishment of a stable and predictable regulatory environment, preferably including a legislative or regulatory low-carbon energy framework, which would create a market-based infrastructure for attracting private capital to low-carbon investment opportunities. As signatories to The Carbon Principles, we are committed to assessing the likely cost of carbon in our risk and underwriting processes.



Coal Policy

Our coal policy promotes the development and deployment of advanced technologies that reduce carbon emissions through carbon capture and storage. The policy also recognizes our adherence to leading risk management tools such as the Carbon Principles. We have committed to phasing out our financing of companies whose predominant method of extracting coal is through mountain-top removal, a decision that has received widespread recognition from the environmental community.

Reputational Risk and Corporate Governance

Reputational Risk

Consideration of reputational risk issues is an additional component of our overall risk management framework. In addition to ongoing consultation and engagement with a wide variety of external stakeholders, including NGOs, government agencies, peers and others, our Public Policy Team, Global Environmental Group and business lines all regard reputational risk as a critical component of our risk management framework. In addition, a senior manager from our Global Risk Management Group sits on our Environmental Council.

Corporate Governance

Bank of America's lines of business are the primary drivers of our environmental business initiative. To monitor, encourage and facilitate the development of products, practices and policies aligned with our 10-year, \$20 billion environmental commitment, we established an Environmental Council currently chaired by our Chief Global Strategy and Marketing Officer, who reports directly to the CEO on all environmental issues. The Council is comprised of business heads and senior leaders from across our business and corporate groups, including retail, corporate and investment banking, wealth management, research, marketing and communications, risk management, public policy, technology, operations and philanthropy. The Council is, in turn, supported by our Global Environmental Group, reporting to the Global Environmental Executive, who serves as the primary integration point for all of our environmental business activities.



THE CHALLENGE AHEAD

As a committed proponent of market-based solutions to addressing global climate change, we recognize that the most fundamental challenge we face as a company and as an industry is that the global market for low-carbon energy and energy efficiency remains immature and underdeveloped.

Until a strong regulatory framework with linked international markets effectively puts a price on carbon emissions, the transition to a low-carbon economy will be slow.

Government and regulatory actions aside, we recognize that the financial services sector has a critical long-term role to play in working with clients and customers to help them more clearly comprehend the risks, uncertainties and also the opportunities inherent in low-carbon energy and energy efficiency. Here are some examples of these challenges:

- **Enhancing Environmental Products & Services**

On the consumer products front, we still have a long way to go—as a company and as an industry—in providing consumer products that will comprise a true market for environmental goods and services. Like other financial companies, Bank of America has produced environmentally oriented credit cards and mortgage products. But for a variety of reasons, these products have yet to gain traction with a critical mass of customers and clients.

On the investor front, while we have seen an increase in interest for low-carbon or socially responsible investment (SRI) activity on the part of both individual and institutional clients, we recognize the need to continuously improve and refine our research, insights and guidance to support those investors interested in rebalancing or re-weighting their portfolios to take advantage of these emerging themes.

On the institutional front, many clients still need to be appraised of the broad business case for making significant investments in the development of a low-carbon economy. For investors, regulatory and technology uncertainty is seen to be impacting the ability to accurately estimate certain long term investment returns, and it's important for our industry to work closely with all involved to drive greater clarity where possible.

Addressing climate change will require the involvement of all industry sectors, and despite the size of some of the upfront costs of investment, or the potentially prolonged horizon for investment returns, we need to find improved mechanisms and approaches to catalyze investment on a broader scale.

- **Measuring Business Impacts**

As an industry, we need to do a better job of understanding the measurement of our business impacts related to emissions. This involves moving beyond measuring and managing direct GHG emissions attributed to energy use. We must also understand the embedded impacts of all our employee activities, including air travel and commuting, as well as the impacts of our partners in the supply chain. In the case of our suppliers, while we are aware that we can be a catalyst for change, we are just starting out on the path to using our scale and influence to collaborate with our supply chain partners to optimize energy efficiency and minimize our collective environmental impact.

- **Stakeholder Relationships**

Our stakeholders include customers that operate in impactful areas such as the power sector, manufacturing and mining. Our challenge is to engage stakeholders in a way that strikes an appropriate balance between our roles as a client service provider and collaborator with our responsibility as a policy advocate for market-based solutions that address climate change. We are well positioned to fulfill this role by convening policy makers and other thought leaders on the most efficient and business-focused climate and energy solutions from sectors that have the most at stake in terms of opportunities and impacts.





FOR MORE INFORMATION

For more information about Bank of America and its environmental business initiative please visit:

- Bank of America Environmental Website:
<http://environment.bankofamerica.com/>
- Bank of America Annual Reports:
<http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-reportsannual>
- Quarterly Lending and Investment Reports:
<http://ahead.bankofamerica.com/>

Previously Published GRI Reports:
http://environment.bankofamerica.com/assets/pdf/2007-2008_GRI_Report.pdf

http://environment.bankofamerica.com/assets/pdf/Global_Reporting_Initiative_Report.pdf
- Bank of America News Releases:
<http://mediaroom.bankofamerica.com/phoenix.zhtml?c=234503&p=irol-news&nyo=0>
- Climate Change Policies, including Carbon Principles:
<http://environment.bankofamerica.com/article.jsp?articleId=Climate-Change>
- Credit Policies:
<http://environment.bankofamerica.com/article.jsp?articleId=Credit-Policies>
- Utility Portfolio Emissions: page 32
http://environment.bankofamerica.com/assets/pdf/2007-2008_GRI_Report.pdf
- Forests Policy:
<http://environment.bankofamerica.com/article.jsp?articleId=FORESTS-PRACTICES>
- Paper Procurement Policy:
http://environment.bankofamerica.com/assets/pdf/Paper_Procurement_Policy.pdf
- Forest Certification Policy:
http://environment.bankofamerica.com/assets/pdf/Forest_Certification.pdf
- Energy Policy:
<http://environment.bankofamerica.com/article.jsp?articleId=Energy>
- Coal Policy:
http://environment.bankofamerica.com/assets/pdf/COAL_POLICY.pdf
- The Equator Principles:
http://environment.bankofamerica.com/assets/pdf/Equator_Principles.pdf
- Developing Countries Lending Criteria: 2007/2008 GRI Sustainability Report: page 60
http://environment.bankofamerica.com/assets/pdf/2007-2008_GRI_Report.pdf

