

U.S. PENSION FUNDS FILE TO LEAD SUIT AGAINST BANK OF AMERICA

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Dow Jones--**Two of the largest state public pension funds in the U.S. have filed to lead a class action suit against Bank of America Corp. (BAC), alleging that the bank's management misstated or omitted important information about Merrill Lynch's financial condition.**

California Public Employees' Retirement System, or CalPERS, and California State Teachers Retirement System (CalSTRS) said they are protecting the financial security of over 2 million members. The two filed a joint motion in the District Court of the Southern District of New York Monday. **Despite these challenging economic times, we can't give corporations a pass on their obligations to shareholders,**" said Jack Ehnes, CalSTRS chief executive officer, in a prepared statement.

"By moving to be appointed lead plaintiffs, we're acting to supplement government enforcement of securities laws at a critical time for our nation's economy. We've taken this step to hold the board and its management responsible to their owners," he continued.

Bank of America, based in Charlotte, North Carolina, acquired Merrill Lynch at the end of 2008 after shareholders approved the deal. Since then, there's been widespread outrage that former Merrill Lynch Chief Executive John Thain doled out \$4 billion in year-end bonuses on the eve of the acquisition.

"Shareowners did not have complete or accurate information prior to approving the merger, and the failure of Bank of America to provide it sent the stock price down dramatically," CalPERS Board President Rob Feckner said in a statement.

Bank of America's stock price has fallen by more than 40% since the beginning of the year, closing at US\$7.80 on Monday.

The U.S. House of Representatives Thursday passed a tax legislation that would impose a 90% surtax on bonuses granted to employees who earn more than \$250,000 at companies that have received at least \$5 billion from the government financial rescue program, also known as TARP. The bonus tax, if passed as is, would be retroactive to December 31, 2008, leaving the Merrill bonuses out of the scope of the law. Merrill typically paid out year-end bonuses in January, but paid them before the end of the year prior to the acquisition by Bank of America.

CalPERS has a reputation for shareholder activism. In recent years, the US\$173.9 billion fund has expressed opinions on executive, and stock options and nomination of board directors at companies such as United Health Group Inc. (UNH), HSBC Holdings PLC (HBC) and Dollar Tree Stores Inc. (DLTR).

"CalPERS is going to play a natural leadership role in the resolution of the financial crisis," Anne Simpson, Calpers' new head of corporate governance, told Dow Jones Newswires in February. **"If more funds had the level of commitment CalPERS has to the rights and responsibilities of owners, we'd have far better levels of disclosure,"** she added.

(Jessica Hodgson contributed to this story.) By Ellen Sheng, Dow Jones Newswires; 852-2832-2336; ellen.sheng@dowjones.com Dow Jones Newswires 03-24-09 0011ET Copyright (c) 2009 Dow Jones & Company, Inc - 12 11 AM EDT 03-24-09 This is a real-time news story and may be updated in the near future.

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