

FLEETBOSTON FINANCIAL CORP  
Form S-4  
October 02, 2003  
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As filed with the Securities and Exchange Commission on October 2, 2003

Registration No. 333-

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**FLEETBOSTON FINANCIAL CORPORATION**

(Exact name of Registrant as specified in its charter)

**Rhode Island**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)

**05-0341324**  
(I.R.S. Employer  
Identification No.)

**100 Federal Street**

**Boston, Massachusetts 02110**

**617-434-2200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gary A. Spiess, Esq.**  
Executive Vice President,

**Janice B. Liva, Esq.**  
Deputy General Counsel and

**General Counsel and Secretary**  
FleetBoston Financial Corporation  
100 Federal Street  
Boston, Massachusetts 02110  
617-434-2870

**Assistant Secretary**  
FleetBoston Financial Corporation  
100 Federal Street  
Boston, Massachusetts 02110  
617-434-8630

(Names, addresses, including zip code, and telephone numbers, including area code, of agents for service)

**COPIES TO:**

**Laura N. Wilkinson, Esq.**  
**Edwards & Angell, LLP**  
**2800 Financial Plaza**  
**Providence, Rhode Island 02903**  
**401-274-9200**

**Progress Financial Corporation**  
**4 Sentry Parkway**  
**Suite 200**  
**Blue Bell, Pennsylvania 19422-0764**  
**Attention: Corporate Secretary**

**Raymond A. Tiernan, Esq.**  
**Elias, Matz, Tiernan & Herrick L.L.P.**  
**734 15th Street, N.W.**  
**Washington, D.C. 20005**  
**202-347-0300**

**Approximate date of commencement of the proposed sale of the securities to the public:** As soon as practicable after the effective date of this registration statement and all other conditions precedent to the merger of Progress Financial Corporation with and into the registrant have been satisfied or waived as described in the enclosed proxy statement-prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. " \_\_\_\_\_ "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " \_\_\_\_\_ "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " \_\_\_\_\_ "

**CALCULATION OF REGISTRATION FEE**

<b>(Title of each Class of Securities to be Registered)</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Share or Unit(1)</b>	<b>Proposed Maximum Aggregate Offering Price(1)</b>	<b>Amount of Registration Fee(1)</b>
Common Stock, \$.01 par value (and associated Preferred Stock Purchase Rights)	N/A	\$33.00	\$241,360,482	\$19,527

(1) Estimated solely for the purpose of calculation of the registration fee. In accordance with Rule 457(o) under the Securities Act of 1933, the number of shares is not set forth herein. Pursuant to Rule 457(o), the registration fee has been computed on the basis of the maximum aggregate offering price of the shares of Registrant's common stock expected to be issued upon consummation of the merger of Progress Financial Corporation ( Progress ) with and into the Registrant, taking into account the maximum number of shares of Progress that may be exchanged (7,836,659), including shares issuable upon the exercise of outstanding options to acquire Progress common stock.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this proxy statement-prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement-prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED                      , 2003**

**[PROGRESS LOGO]**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

**Progress Financial Corporation**

**Four Sentry Parkway, Suite 200**

**Blue Bell, Pennsylvania 19422-0764**

**(610) 825-8800**

Dear fellow shareholders:

You are cordially invited to attend a special meeting of shareholders of Progress Financial Corporation to be held at                      , local time, on                      , 2003 at                      ,                      . At the special meeting you will be asked to consider and vote upon a proposal to approve and adopt an agreement and plan of merger pursuant to which Progress will be merged with and into FleetBoston Financial Corporation.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Progress common stock (other than certain shares held by Progress or FleetBoston) will be converted into the right to receive 0.9333 shares of FleetBoston common stock, subject to adjustment.

The merger cannot be completed unless the shareholders of Progress approve and adopt the merger agreement and the parties receive all required regulatory approvals, among other customary conditions.

Based on our reasons for the merger described in the accompanying document, our board of directors believes that the merger agreement is advisable and in your best interest. In making this determination, our board of directors considered, among other things, the opinion of Ryan Beck & Co., Inc., our financial advisor, that, as of the date of that opinion, and subject to the assumptions, limitations and qualifications set forth in that opinion, the merger consideration is fair, from a financial point of view, to the holders of Progress common stock. **Accordingly our**

**board of directors unanimously recommends that you vote FOR approval and adoption of the merger agreement.**

The accompanying document gives you detailed information about the special meeting, the merger, the merger agreement and related matters. **We urge you to read this entire document carefully, including the merger agreement and the other appendices to this document.**

It is very important that your shares be voted at the special meeting, regardless of whether you plan to attend the meeting in person. To ensure that your shares are represented on this very important matter, please take the time to vote by completing and mailing the enclosed proxy card or by voting by telephone or via the Internet in the manner described in the accompanying document. Failure to vote your shares by mail, by telephone, via the Internet or in person at the special meeting will have the same effect as a vote against the merger agreement.

Thank you for your cooperation and your continued support of Progress Financial Corporation.

Sincerely,

W. Kirk Wycoff

Chairman, President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement-prospectus or determined if this proxy statement-prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities of FleetBoston being offered through this document are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other governmental agency.**

This proxy statement-prospectus is dated \_\_\_\_\_, 2003

and is first being mailed to Progress shareholders on or about \_\_\_\_\_, 2003

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**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates important business and financial information about FleetBoston and Progress from documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to FleetBoston and Progress that are incorporated by reference in this document, without charge, by requesting them in writing or by telephone from the appropriate company:

FleetBoston  
Investor Relations Department  
FleetBoston Financial Corporation  
100 Federal Street  
P.O. Box 2016  
Mail Stop: MA DE 10034F  
Boston, Massachusetts 02106-2106  
(617) 434-7858

Progress Financial Corporation  
4 Sentry Parkway  
Suite 200  
Blue Bell, Pennsylvania 19422-0764  
Attention: Corporate Secretary  
(610) 825-8800

**If you would like to request documents, please do so by \_\_\_\_\_, 2003 to receive them before the special meeting.**

See [Where You Can Find More Information](#) on page 76.

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[LOGO]

**Progress Financial Corporation**

**Notice of Special Meeting of Shareholders**

**to be Held on                      , 2003**

To the Shareholders of Progress:

We will hold a special meeting of shareholders of Progress Financial Corporation, a Delaware corporation, on                      ,                      , 2003, at                      , local time, at                      , for the following purposes:

To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of August 27, 2003, by and between Progress and FleetBoston Financial Corporation, a Rhode Island corporation. The merger agreement provides the terms and conditions under which Progress proposes to merge with and into FleetBoston. This proposal is more fully described in the enclosed proxy statement-prospectus,

To consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement, and

To consider and vote upon any other matters that may be properly brought before the meeting or any adjournment or postponement of the meeting.

Progress has fixed the close of business on                      , 2003 as the record date for determining those shareholders entitled to vote at the Progress special meeting and any adjournments or postponements of the Progress special meeting. Only shareholders of record on that date are entitled to notice of, and to vote at, the Progress special meeting and any adjournments or postponements of the Progress special meeting.

By Order of the Board of Directors,

Blue Bell, Pennsylvania

, 2003

Eric J. Morgan  
Corporate Secretary

**The Board of Directors of Progress unanimously recommends that you vote for  
approval of the merger agreement.**

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The affirmative vote of the holders of a majority of the outstanding shares of Progress common stock, voting in person or by proxy, is necessary to approve the merger agreement on behalf of Progress. Whether or not you plan to attend the Progress special meeting in person, please vote your shares by telephone, via the Internet or by mail, in the manner described in this proxy statement-prospectus. If you plan on attending the special meeting, please so indicate on your proxy.

**Important Notice: All shareholders planning to attend the special meeting should refer to the back cover for directions to the special meeting site and for important information regarding procedures for admittance to the special meeting.**

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**SUMMARY**

*This brief summary highlights selected information from this document and does not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers you. See *Where You Can Find More Information*. Each item in this summary contains a page reference directing you to a more complete description of that item.*

***Progress shareholders will receive 0.9333 shares of FleetBoston common stock for their shares of Progress common stock, subject to adjustment as described below (page 18)***

FleetBoston and Progress propose a merger in which Progress will merge with and into FleetBoston, with FleetBoston continuing after the merger as the surviving corporation. Subject to receipt of Progress shareholder approval, regulatory approvals and other matters, we expect to complete the merger in the first quarter of 2004. When we complete the merger, each share of Progress common stock will be converted into the right to receive a number of shares of FleetBoston common stock calculated as described in the next paragraph.

The exact exchange ratio for the merger will not be known until the determination date, which is the date of receipt of the last regulatory approval required to consummate the merger. If the average daily last sale price of FleetBoston common stock on the New York Stock Exchange during the 10 consecutive full trading days ending at the close of trading on the determination date is from \$27.00 to \$33.00 per share, then each share of Progress common stock will convert into the right to receive 0.9333 shares of FleetBoston common stock. If the average FleetBoston price is above \$33.00 per share, each share of Progress common stock will convert into the right to receive the number of shares of FleetBoston common stock equal to the quotient obtained by dividing \$30.80 by such average price. If the average FleetBoston price is below \$27.00 per share, each share of Progress common stock will convert into the right to receive the number of shares of FleetBoston common stock equal to the quotient obtained by dividing \$25.20 by such average price.

The conversion of Progress common stock into the right to receive FleetBoston common stock is further described in the section titled *The Merger Conversion of Stock* on page 32.

You will have to surrender your Progress common stock certificates to receive new stock certificates representing FleetBoston common stock. Please do not send us any certificates now we will send you written instructions on how to surrender your Progress common stock certificates for new FleetBoston common stock certificates after we complete the merger.

***Comparative per share market price information (page 54)***

FleetBoston common stock trades on the New York Stock Exchange under the symbol *FBF*. Progress common stock trades on the Nasdaq National Market under the symbol *PFNC*. Some examples of recent New York Stock Exchange and Nasdaq closing prices for FleetBoston common stock, Progress common stock and the implied market value of the merger consideration, based on the FleetBoston common stock price and assuming a 0.9333 exchange ratio, are as follows:

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On August 27, 2003

<u>FleetBoston:</u>	<u>Progress:</u>	<u>Implied Value:</u>
\$29.72	\$16.96	\$27.74

On , 2003

<u>FleetBoston:</u>	<u>Progress:</u>	<u>Implied Value:</u>
\$	\$	\$

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*The merger will generally be tax-free to shareholders (page 44)*

FleetBoston has received a legal opinion dated the date of this proxy statement-prospectus from its counsel, Edwards & Angell, LLP, that the merger will be treated as a transaction of a type that is generally tax-free for federal income tax purposes and that the exchange by Progress shareholders of shares of Progress common stock for shares of FleetBoston common stock generally will not cause them to recognize any gain or loss for U.S. federal income tax purposes. Progress shareholders will, however, have to recognize income or gain in connection with any cash received instead of fractional shares. This legal opinion also states that neither FleetBoston nor Progress generally will recognize any gain or loss for U.S. federal income tax purposes.

The obligations of FleetBoston and Progress to consummate the merger are conditioned upon the receipt of opinions of their respective counsel to the same effect.

**This tax treatment may not apply to all Progress shareholders. Determining the actual tax consequences of the merger to you can be complicated. They will depend on your specific situation and on variables not within our control. You should consult your own tax advisor for a full understanding of the merger's tax consequences to you.**

*Dividend policy; difference in cash dividends per share (page 48)*

After the merger, FleetBoston expects to continue to pay dividends on FleetBoston common stock in an amount equal to FleetBoston's current dividend of \$0.35 per quarter. Progress's last dividend on Progress common stock was \$0.08 per quarter. Future dividend payments by FleetBoston will depend on business conditions and on the combined company's financial condition and earnings and other factors.

Prior to the merger, the merger agreement permits Progress to pay regular quarterly dividends, not to exceed \$0.13 per share, for the third and fourth quarters of 2003 and the first quarter of 2004. If the closing occurs in any fiscal quarter after the fiscal quarter ended December 31, 2003, after the record date for a FleetBoston dividend for such quarter, then at the closing FleetBoston will make a cash payment to Progress shareholders equal to the sum of (1) \$0.13 times the portion of the quarter prior to the closing and (2) \$0.35 times the portion of the quarter remaining following the closing, multiplied by the exchange ratio.

*Progress's financial advisor says the merger consideration is fair to shareholders (page 22)*

Among other factors considered in deciding to approve the merger, the Progress board of directors received the written opinion of its financial advisor, Ryan Beck & Co., Inc. that, as of August 27, 2003 (the date on which the Progress board of directors approved the merger and related agreements), the consideration being offered to Progress's shareholders in the merger was fair to the holders of Progress common stock from a financial point of view. This opinion was subsequently confirmed in writing as of the date of this proxy statement-prospectus. The opinion dated as of the date of this proxy statement-prospectus is included as Appendix C. Progress has agreed to pay a financial advisory fee to Ryan Beck & Co., Inc. as described on page 32 of this proxy statement-prospectus.

*Progress shareholders do not have appraisal rights (page 75)*

Progress shareholders do not have any right to dissent from the merger or to have the value of their shares of Progress common stock appraised in connection with the merger under Delaware law or otherwise.

*The Progress board of directors recommends that you approve the merger (page 21)*

Based on Progress's reasons for the merger described in this document, including the fairness opinion of Ryan Beck & Co., Inc., the Progress board of directors believes that the merger is in the best interests of Progress shareholders and unanimously recommends that you vote FOR approval of the merger agreement.

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***Conditions to completion of the merger (page 42)***

The completion of the merger depends on a number of conditions being met, including:

approval of the merger agreement by Progress shareholders;

receipt of required regulatory approvals and other consents to consummate the merger and the merger of Progress Bank into Fleet National Bank, including either an approval or a waiver of the application requirement by the Board of Governors of the Federal Reserve System and applicable state banking authorities;

there is no injunction or legal or regulatory prohibition to completion of the merger;

the SEC shall have declared effective the registration statement of which this proxy statement-prospectus forms a part and the SEC shall not have issued, initiated or threatened to issue a stop order suspending that effectiveness;

the shares of FleetBoston common stock being issued to Progress shall have been listed on the New York Stock Exchange;

the receipt of opinions from our respective tax counsel that the merger will qualify as a tax-free reorganization;

our respective representations and warranties in the merger agreement must be true and correct, subject to exceptions that would not have a material adverse effect on Progress or FleetBoston;

we must each be in compliance in all material respects with our respective covenants in the merger agreement; and

there has been no material adverse change to either of our respective businesses, results of operations or financial condition.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger although that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

***We may decide not to complete the merger (page 46)***

Progress and FleetBoston can agree at any time not to complete the merger, even if you have voted to approve the merger agreement. Also, either of us can decide, without the consent of the other, not to complete the merger in a number of other situations, including:

final denial of a required regulatory approval;

failure of the Progress shareholders to approve the merger agreement;

failure to complete the merger by June 30, 2004;

material breach by the other party of its representations, warranties, covenants or agreements contained in the merger agreement if the breach is not, or cannot be, cured within 30 days of notice of the breach;

by FleetBoston, if the Progress board of directors after the mailing of this proxy statement-prospectus withdraws its recommendation to shareholders to vote to approve the merger or the Progress board of directors authorizes Progress to engage in a competing proposal; or

by Progress, at any time prior to the special meeting, if it concurrently enters into an agreement to engage in a competing proposal and satisfies certain other conditions.

If the merger agreement is terminated under the circumstances described under The Merger Breakup Fee on page 48, Progress may be required to pay an \$8 million breakup fee to FleetBoston.

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*We may amend the terms of the merger and waive some conditions (page 48)*

FleetBoston and Progress may jointly amend the terms of the merger, and each of us may waive our right to require the other party to adhere to those terms, to the extent legally permissible. However, after you approve the merger agreement, you must approve any amendment or waiver that reduces or changes the amount or form of the consideration that you will receive as a result of the merger.

*Officers and directors have some interests in the merger that are in addition to their interests as shareholders (page 49)*

Progress's directors and executive officers have interests in the merger that are in addition to their interests as shareholders of Progress. These additional interests are described in greater detail under "The Merger - Interests of Certain Persons in the Merger."

W. Kirk Wycoff, President and Chief Executive Officer of Progress, has entered into an employment agreement with Fleet National Bank that will become effective upon the completion of the merger. Mr. Wycoff will serve as chairman and chief executive officer of Fleet National Bank's commercial financial services and investment management businesses in Pennsylvania and certain counties of New Jersey. The employment agreement provides for minimum annual base salary and bonus, which over its three-year term totals \$625,000 per year. Mr. Wycoff also will be granted at the effective time an option to purchase 50,000 shares of FleetBoston common stock at an exercise price per share equal to the fair market value per share on that date.

Mr. Wycoff also has entered into a termination and release agreement with FleetBoston, Fleet National Bank, Progress and Progress Bank under which Mr. Wycoff will receive on the effective date of the merger a cash severance payment of approximately \$5.2 million, calculated in accordance with the terms of his existing employment agreement with Progress and Progress Bank.

In addition, Progress executive officers hold a total of 69,084 stock options that will vest upon consummation of the merger which is sooner than they were scheduled to vest when the parties entered into the merger agreement on August 27, 2003.

Progress officers also have existing change in control and termination agreements and arrangements with Progress providing for potential cash severance payments and other benefits if the employment of any of those officers terminates following the merger. The aggregate cash severance payments that will become payable to Progress officers (other than to Mr. Wycoff) under those agreements and arrangements is estimated to be approximately \$2.8 million. FleetBoston has agreed to pay those officers covered by such agreements as of the effective time of the merger the severance benefits pursuant to those agreements as if they had terminated their employment and were entitled to receive those benefits even if the executives are not terminated by FleetBoston or a FleetBoston subsidiary following the merger.

Also, following the merger, FleetBoston has agreed to indemnify, and provide directors' and officers' insurance equivalent to that provided by Progress for, the officers and directors of Progress for events occurring before the merger, including events that are related to the merger.

The members of Progress's board of directors knew about these additional interests, and considered them, when they approved the merger.



*The special meeting of shareholders (page 15)*

The special meeting of Progress shareholders will be held on \_\_\_\_\_, 2003, at \_\_\_\_\_, local time, at the \_\_\_\_\_. At the Progress special meeting, you will be asked to approve the merger agreement between Progress and FleetBoston providing for the merger.

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***Record date; vote required (page 16)***

You can vote at the Progress special meeting if you owned Progress common stock at the close of business on \_\_\_\_\_, 2003. On that date, there were \_\_\_\_\_ shares of Progress common stock outstanding and entitled to vote. You can cast one vote for each share of Progress common stock you owned on that date. The affirmative vote of the holders of a majority of the outstanding shares of Progress common stock, voting in person or by proxy, is necessary to approve the merger agreement on behalf of Progress.

The Progress board of directors and executive officers held approximately \_\_\_\_\_ shares of Progress common stock as of the record date. The shares held as of the record date by the Progress directors and executive officers represent approximately \_\_\_\_\_ % of the number of shares of Progress common stock necessary to approve the merger agreement. The Progress directors and executive officers have entered into a stockholder agreement with FleetBoston agreeing to vote all shares owned by them in favor of the merger. This stockholder agreement is attached as Appendix B to this proxy statement-prospectus.

***The companies (pages 55 and 56)***

*FleetBoston Financial Corporation*

*100 Federal Street*

*Boston, Massachusetts 02110*

*(617) 434-2200*

FleetBoston is a diversified financial services company offering a comprehensive array of financial solutions to its customers. FleetBoston's three major domestic business lines are Personal Financial Services, Regional Commercial Financial Services and Investment Management, and National Commercial Financial Services. FleetBoston's other lines of business are International Banking and Capital Markets.

At June 30, 2003, FleetBoston's total consolidated assets were \$197.1 billion, its total deposits were \$130.2 billion and its total stockholders equity was \$17.4 billion.

*Progress*

*4 Sentry Parkway*

*Suite 200*

*Blue Bell, Pennsylvania 19422-0764*

*(610) 825-8800*

Progress is a Delaware corporation and the holding company for Progress Bank, a federally chartered savings bank. Progress Bank has a total of 21 banking offices in the Delaware Valley area with 11 full-service banking offices in Montgomery County, four full-service banking offices in Bucks County, one full-service banking office in Delaware County, two full-services banking offices in Chester County and two full-service banking offices in Philadelphia County in southeastern Pennsylvania, and one full-service banking office in Lambertville, Hunterdon County, New Jersey.

At June 30, 2003, Progress's total consolidated assets were \$1.1 billion, its total deposits were \$740.9 million and its total shareholders' equity was \$64.5 million.

***Information***

FleetBoston has supplied all information contained or incorporated by reference in this proxy statement-prospectus relating to FleetBoston, as well as all pro forma financial information, and Progress has supplied all relevant information relating to Progress.

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**UNAUDITED COMPARATIVE AND PRO FORMA PER SHARE DATA**

The following table shows historical information about earnings per share, cash dividends per share and book value per share, and similar information reflecting the merger, which we refer to as pro forma information. In presenting the comparative pro forma information for the periods shown in the table, we assumed that we had been merged as of January 1, 2002 for purposes of presenting pro forma net income per share and cash dividends declared per common share (or January 1, 2003 for the interim data) and as of December 31, 2002 for purposes of presenting book value per share (or June 30, 2003 for the interim data).

We assumed that the merger will be accounted for under an accounting method known as purchase accounting. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of the completion date of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after consummation of the merger reflect these values and are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

The information listed as equivalent pro forma was obtained by multiplying the pro forma amounts by the exchange ratio of 0.9333, assuming that there is no adjustment to the exchange ratio. We present this information to reflect the fact that Progress shareholders will receive less than one share of combined company common stock for each share of Progress common stock exchanged in the merger.

We expect that we will record merger and restructuring expenses and purchase accounting adjustments as a result of combining our companies. These expenses are described under Management and Operations After the Merger Operations on page 53. A portion of these expenses and adjustments will be recorded upon consummation of the merger as purchase accounting adjustments, with the remainder expected to be recorded in future combined results of operations. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these anticipated expenses and financial benefits and, accordingly, does not attempt to predict or suggest future results, nor does it include the effects of any divestitures that may be required by regulatory authorities.

The pro forma information is presented for comparative purposes only and is not necessarily indicative of the combined financial position or results of operations in the future or what the combined financial position or results of operations would have been had the merger been completed and the applicable purchase accounting adjustments been reflected during the periods or as of the dates for which this pro forma information is presented.

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The information in the following table is based on the historical financial information that we have presented in our prior Securities and Exchange Commission filings. We are incorporating this material into this document by reference. See [Where You Can Find More Information](#) on page 76.

	<b>As of or for the six months ended June 30, 2003</b>	<b>As of or for the year ended December 31, 2002</b>
<b>FleetBoston common stock:</b>		
Income from continuing operations per share:		
Basic:		
Historical	\$ 1.09	\$ 1.44
FleetBoston/Progress pro forma(1).	1.08	1.44
Diluted:		
Historical	1.09	1.44
FleetBoston/Progress pro forma(1).	1.08	1.43
Cash dividends declared per common share:		
Historical	.70	1.40
FleetBoston/Progress pro forma(2)	.70	1.40
Book value per share at period end:		
Historical	16.32	15.78
FleetBoston/Progress pro forma(1)	16.41	15.87
<b>Progress common stock:</b>		
Income from continuing operations per share:		
Basic:		
Historical	.55	.57
FleetBoston/Progress equivalent pro forma(3)	1.01	1.34
Diluted:		
Historical	.53	.56
FleetBoston/Progress equivalent pro forma(3)	1.01	1.33
Cash dividends declared per common share:		
Historical	.12	.10
FleetBoston/Progress equivalent pro forma(3)	.65	1.31
Book value per share at period end:		
Historical	9.41	9.38
FleetBoston/Progress equivalent pro forma(3)	15.32	14.81

- (1) The FleetBoston/Progress pro forma information reflects FleetBoston's historical common shares outstanding and FleetBoston's historical basic and diluted shares adjusted for the exchange of FleetBoston common stock in connection with the merger at an exchange ratio of 0.9333 shares of FleetBoston common stock for each share of Progress common stock, assuming that there is no adjustment to the exchange ratio.
- (2) The FleetBoston/Progress pro forma dividends per share represent FleetBoston's historical dividends per share.
- (3) The FleetBoston/Progress equivalent pro forma per share amounts are calculated by multiplying the FleetBoston pro forma information described in notes (1) and (2) by the exchange ratio of 0.9333, assuming that there is no adjustment to the exchange ratio.

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**FLEETBOSTON FINANCIAL CORPORATION**  
**SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary sets forth selected historical consolidated financial data for FleetBoston and its subsidiaries for the six months ended June 30, 2003 and 2002 and for each of the years in the five-year period ended December 31, 2002. The following summary should be read in conjunction with the financial information incorporated in this proxy statement-prospectus by reference to other documents. See "Where You Can Find More Information" on page 76. Information concerning adjusted net income and related adjusted earnings per share for each of the years in the four-year period ended December 31, 2001 is presented in accordance with the disclosure provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted on January 1, 2002. This pro forma information reflects net income and earnings per share without the amortization of goodwill. The summary for the six months ended June 30, 2003 and 2002 is based on unaudited consolidated financial statements which include all adjustments (consisting only of normal, recurring adjustments) that, in FleetBoston's opinion, are necessary for a fair statement of the results for the respective interim periods. The results of operations for the six months ended June 30, 2003 are not necessarily indicative of the results expected for 2003 or any other interim period. Certain amounts in prior periods have been reclassified to conform to current-year presentation. Information is presented on a continuing operations basis unless otherwise noted.

	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
(Dollars in millions, except per share data)							
<b>Consolidated Summary of Operations:</b>							
Interest income (fully taxable equivalent)	\$ 4,690	\$ 5,395	\$ 10,165	\$ 13,661	\$ 16,150	\$ 15,377	\$ 14,501
Interest expense	1,469	2,007	3,682	6,317	8,324	7,336	6,875
Net interest income (fully taxable equivalent)	3,221	3,388	6,483	7,344	7,826	8,041	7,626
Provision for credit losses	565	1,658	2,760	2,324	1,290	1,056	907
Net interest income after provision for credit losses (fully taxable equivalent)	2,656	1,730	3,723	5,020	6,536	6,985	6,719
Noninterest income	2,317	2,399	5,036	4,555	7,559	6,091	5,303
Noninterest expense	3,168	3,145	6,404	7,977	8,100	9,089	7,454
Income from continuing operations	1,148	630	1,524	968(c)	3,572(d)	2,381(e)	2,805
Income/(loss) from discontinued operations	43(a)	(281)(b)	(336)(b)	(37)	338	95	(34)
Net income	\$ 1,191	\$ 349	\$ 1,188	\$ 931	\$ 3,910	\$ 2,476	\$ 2,771
<b>Per Common Share:</b>							
Continuing Operations:							
Basic earnings per share	\$ 1.09	\$ .59	\$ 1.44	\$ .88(c)	\$ 3.27(d)	\$ 2.12(e)	\$ 2.51
Diluted earnings per share	1.09	.59	1.44	.87(c)	3.22(d)	2.07(e)	2.45
Net Income:							
Basic earnings per share	1.13(a)	.32(b)	1.12(b)	.84	3.58	2.21	2.48
Diluted earnings per share	1.13(a)	.32(b)	1.12(b)	.83	3.52	2.16	2.42



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	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
(Dollars in millions, except per share data)							
Weighted average basic shares outstanding (in millions)	1,047.1	1,044.7	1,045.3	1,074.2	1,081.4	1,095.7	1,094.7
Weighted average diluted shares outstanding (in millions)	1,049.6	1,050.3	1,048.7	1,083.7	1,098.7	1,121.5	1,119.7
Book value	\$ 16.32	\$ 15.79	\$ 15.78	\$ 16.61	\$ 17.31	\$ 15.92	\$ 14.78
Cash dividends declared	.70	.70	1.40	1.34	1.23	1.11	1.00
Common dividend payout ratio	61.95%	218.75%	125.00%	159.52%	34.36%	50.23%	40.32%
<b>Consolidated Balance Sheet-Average Balances:</b>							
Total assets(f)	\$ 195,694	\$ 193,236	\$ 189,866	\$ 208,931	\$ 223,895	\$ 223,238	\$ 201,042
Securities held to maturity	880	558	706	577	5,907	7,820	6,636
Securities available for sale	33,130	27,798	27,493	25,601	29,362	27,329	24,413
Loans and leases, net of unearned income	123,013	122,251	119,932	128,792	138,609	138,751	130,098
Due from brokers/dealers	5,177	3,913	3,937	4,099	3,404	3,226	3,766
Interest bearing deposit liabilities	94,198	93,137	91,928	96,717	100,711	109,336	106,413
Short-term borrowings	15,168	14,535	13,949	19,845	22,127	20,035	24,506
Due to brokers/dealers	5,185	3,976	3,896	3,849	4,829	4,138	4,497
Long-term debt(g)	19,802	24,183	22,658	27,945	31,191	26,198	12,957
Stockholders equity	17,203	17,798	17,316	19,330	18,134	17,479	16,319
<b>Consolidated Ratios:</b>							
Net interest margin (fully taxable equivalent)(h)	3.83%	4.15%	4.01%	4.18%	4.26%	4.35%	4.39%
Return on average assets(h)	1.19	.67	.82	.48(c)	1.66(d)	1.12(e)	1.41



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	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(Dollars in millions, except per share data)						
Return on average common stockholders' equity(h)	13.56	7.15	8.84	4.96(c)	20.12(d)	13.88(e)	17.73
Average stockholders' equity to average assets(f)	8.79	9.21	9.12	9.25	8.10	7.83	8.12
Tier 1 risk-based capital ratio(f)	8.35	8.15	8.24	7.37	8.08	7.15	7.56
Total risk-based capital ratio(f)	11.60	11.82	11.72	10.95	11.87	11.44	11.65
Period-end reserve for credit losses to period-end loans and leases, net of unearned income	2.58	3.33	3.21	2.86	2.02	1.98	1.98
Net charge-offs to average loans and leases, net of unearned income(h)	1.83	2.25	2.05	1.08	.89	.74	.68
Period-end nonperforming assets to related assets	2.09	3.33	2.86	1.46	.84	.70	.62
<b>Adjusted Net Income and Earnings Per Share(i):</b>							
Reported net income from continuing operations available to common stockholders				\$ 941	\$ 3,533	\$ 2,325	\$ 2,745
Add back goodwill amortization, net of applicable tax benefit				255	251	235	184
Adjusted net income from continuing operations				1,196	3,784	2,560	2,929
Net (loss)/income from discontinued operations				(37)	338	95	(34)
Add back goodwill amortization of discontinued operations, net of applicable tax benefit				10	8	8	3
Adjusted net income				\$ 1,169	\$ 4,130	\$ 2,663	\$ 2,898
<b>Adjusted Earnings Per Share - Continuing operations</b>							
Reported basic earnings per share				\$ .88	\$ 3.27	\$ 2.12	\$ 2.51
Add back goodwill amortization				.23	.23	.21	.17
Adjusted basic earnings per share				\$ 1.11	\$ 3.50	\$ 2.33	\$ 2.68
Reported diluted earnings per share				\$ .87	\$ 3.22	\$ 2.07	\$ 2.45
Add back goodwill amortization				.23	.22	.21	.16
Adjusted diluted earnings per share				\$ 1.10	\$ 3.44	\$ 2.28	\$ 2.61
<b>Adjusted Earnings Per Share - Net income</b>							
Reported basic earnings per share				\$ .84	\$ 3.58	\$ 2.21	\$ 2.48
Add back goodwill amortization				.25	.24	.22	.17
Adjusted basic earnings per share				\$ 1.09	\$ 3.82	\$ 2.43	\$ 2.65
Reported diluted earnings per share				\$ .83	\$ 3.52	\$ 2.16	\$ 2.42
Add back goodwill amortization				.25	.24	.21	.17
Adjusted diluted earnings per share				\$ 1.08	\$ 3.76	\$ 2.37	\$ 2.59



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- (a) Includes impact of gain from the sale of Interpay, Inc. (\$117 million pre-tax, \$57 million post-tax) recorded in the second quarter of 2003.
- (b) Includes impact of gain from sale of AFSA Data Corporation (\$300 million pre-tax, \$173 million post-tax), and estimated losses from dispositions of Robertson Stephens, Inc. (\$638 million pre-tax, \$421 million post-tax) and the Asia fixed income business (\$50 million pre-tax, \$30 million post-tax) recorded in the second quarter of 2002.
- (c) Includes impact of merger-related and restructuring charges (\$955 million pre-tax, \$600 million post-tax); write-downs recorded against the carrying value of the principal investing portfolio (\$1.1 billion pre-tax, \$679 million post-tax); and a loss from the sale of the mortgage banking business (\$428 million pre-tax, \$285 million post-tax) recorded in 2001. Also includes impact of gains from branch divestitures (\$410 million pre-tax, \$252 million post-tax) and the sale of an investment in the NYCE Corporation (\$146 million pre-tax, \$91 million post-tax) recorded in 2001.
- (d) Includes impact of gain from branch divestitures (\$843 million pre-tax, \$420 million post-tax) and merger-related and restructuring charges (\$249 million pre-tax, \$151 million post-tax) recorded in 2000.
- (e) Includes impact of merger- and restructuring-related charges and other costs (\$1 billion pre-tax, \$680 million post-tax) recorded in 1999.
- (f) Includes discontinued operations.
- (g) Amounts include guaranteed preferred beneficial interests in FleetBoston's junior subordinated debentures.
- (h) Ratios for the six-month periods are annualized.
- (i) Pro forma information concerning adjusted net income and related adjusted earnings per share is presented only for periods prior to the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, which was adopted on January 1, 2002.

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**PROGRESS FINANCIAL CORPORATION**  
**SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary sets forth selected historical consolidated financial data for Progress and its subsidiaries for the six months ended June 30, 2003 and 2002 and for each of the years in the five-year period ended December 31, 2002. The following summary should be read in conjunction with the financial information incorporated in this proxy statement-prospectus by reference to other documents. See "Where You Can Find More Information" on page 76. Information concerning earnings, book value and cash dividends declared per common share has been restated to reflect the impact of stock dividends. Information concerning adjusted net income and related adjusted earnings per share for each of the years in the four-year period ended December 31, 2001 is presented in accordance with the disclosure provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted on January 1, 2002. This pro forma information reflects net income and earnings per share without the amortization of goodwill. The summary for the six months ended June 30, 2003 and 2002 is based on unaudited consolidated financial statements which include all adjustments (consisting only of normal, recurring adjustments) that, in Progress's opinion, are necessary for a fair statement of the results for the respective interim periods. The results of operations for the six months ended June 30, 2003 are not necessarily indicative of the results expected for 2003 or any other interim period. Certain amounts in prior periods have been reclassified to conform to current-year presentation.

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	Six Months Ended		Years Ended December 31,				
	June 30,						
	2003	2002	2002	2001	2000	1999	1998
(Dollars in thousands, except per share data)							
<b>Consolidated Summary of Operations:</b>							
Interest income (fully taxable equivalent)	\$ 28,234	\$ 26,725	\$ 53,798	\$ 65,448	\$ 67,422	\$ 52,380	\$ 45,329
Interest expense	12,645	13,225	26,325	35,650	37,082	27,027	24,043
Net interest income (fully taxable equivalent)	15,589	13,500	27,473	29,798	30,340	25,353	21,286
Provision for credit losses	1,200	2,439	3,814	7,116	4,416	3,548	959
Net interest income after provision for credit losses (fully taxable equivalent)	14,389	11,061	23,659	22,682	25,924	21,805	20,327
Noninterest income	6,439	7,760	15,319	15,810	19,542	17,587	7,645
Noninterest expense	15,101	16,123	32,150	37,285	36,399	30,053	20,241
Income from continuing operations	3,824	1,657	3,996	544	5,657	6,032	4,915
Income from discontinued operations					1,642(a)	639	111
Cumulative effect of accounting change							(46)
Net income	\$ 3,824	\$ 1,657	\$ 3,996	\$ 544	\$ 7,299	\$ 6,671	\$ 4,980
<b>Per Common Share:</b>							
<b>Continuing Operations:</b>							
Basic earnings per share	\$ .55	\$ .24	\$ .57	\$ .09	\$ .93	\$ .99	\$ .87
Diluted earnings per share	.53	.24	.56	.09	.90	.94	.80
<b>Net Income:</b>							
Basic earnings per share	.55	.24	.57	.09	1.20(a)	1.10	.88
Diluted earnings per share	.53	.24	.56	.09	1.16(a)	1.04	.81
Weighted average basic shares outstanding (in thousands)	6,971.9	6,827.1	6,991.5	5,879.0	6,082.6	6,066.6	5,646.2
Weighted average diluted shares outstanding (in thousands)	7,228.3	6,989.4	7,168.6	6,003.1	6,283.2	6,389.9	6,157.1
Book value	\$ 9.41	\$ 8.88	\$ 9.38	\$ 8.68	\$ 8.40	\$ 7.87	\$ 7.09
Cash dividends declared	.12		.10	.11	.20	.16	.12
Common dividend payout ratio	21.82%		17.54%	122.22%	16.67%	14.55%	13.64%
<b>Consolidated Balance Sheet Average Balances:</b>							
Total assets	\$ 1,080,613	\$ 875,687	\$ 903,429	\$ 895,827	\$ 833,305	\$ 680,857	\$ 562,555
Securities held to maturity	134,614	61,750	79,549	37,821	35,268	25,578	31,914
Securities available for sale	379,551	254,165	277,509	228,810	175,317	138,403	120,644
Loans and leases, net of unearned income	503,847	494,205	479,604	553,705	541,178	454,479	373,545
Interest bearing deposit liabilities	612,876	543,718	562,643	549,571	488,824	395,484	322,709
Short-term borrowings	131,208	34,175	39,500	36,513	76,515	35,340	53,836
Long-term debt	161,991	155,459	151,145	165,811	126,547	134,841	96,956
Stockholders equity	65,609	59,355	62,585	52,140	48,141	43,131	36,140



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	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
(Dollars in thousands, except per share data)							
<b>Consolidated Ratios:</b>							
Net interest margin (fully taxable equivalent)(b)	3.06%	3.30%	3.23%	3.52%	3.92%	3.99%	4.02%
Return on average assets(b)	.71	.38	.44	.06	.88	.98	.89
Return on average common stockholders equity(b)	11.75	5.63	6.38	1.04	15.16	15.47	13.78
Average stockholders equity to average assets	6.07	6.78	6.93	5.82	5.78	6.33	6.42
Tier 1 risk-based capital ratio (bank)	12.88	13.97	14.09	11.60	9.79	8.90	9.57
Total risk-based capital ratio (bank)	13.95	15.22	15.20	12.85	11.04	10.01	10.59
Period-end reserve for credit losses to period-end loans and leases, net of unearned income	1.36	1.67	1.39	1.87	1.36	1.18	1.06
Net charge-offs to average loans and leases, net of unearned income(b)	.17	1.77	1.52	.83	.54	.46	.09
Period-end nonperforming assets to related assets	.97	2.77	1.19	2.08	1.08	1.16	.88
<b>Adjusted Net Income and Earnings Per Share(c)</b>							
Reported net income from continuing operations available to common stockholders				\$ 544	\$ 5,657	\$ 6,032	\$ 4,915
Add back goodwill amortization, net of applicable tax benefit				174	384	326	302
Adjusted net income from continuing operations				718	6,041	6,358	5,217
Net income from discontinued operations					1,642	639	111
Adjusted net income				\$ 718	\$ 7,683	\$ 6,997	\$ 5,328
<b>Adjusted Earnings Per Share - Continuing operations</b>							
Reported basic earnings per share				\$ .09	\$ .93	\$ .99	\$ .87
Add back goodwill amortization				.03	.06	.05	.05
Adjusted basic earnings per share				\$ .12	\$ .99	\$ 1.04	\$ .92
Reported diluted earnings per share				\$ .09	\$ .90	\$ .94	\$ .80
Add back goodwill amortization				.03	.06	.05	.05
Adjusted diluted earnings per share				\$ .12	\$ .96	\$ .99	\$ .85
<b>Adjusted Earnings Per Share - Net income</b>							
Reported basic earnings per share				\$ .09	\$ 1.20	\$ 1.10	\$ .88
Add back goodwill amortization				.03	.06	.05	.05
Adjusted basic earnings per share				\$ .12	\$ 1.26	\$ 1.15	\$ .93

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Reported diluted earnings per share	\$ .09	\$ 1.16	\$ 1.04	\$ .81
Add back goodwill amortization	.03	.06	.05	.05
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Adjusted diluted earnings per share	\$ .12	\$ 1.22	\$ 1.09	\$ .86
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

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- (a) Includes impact of gain from the sale of Procall TeleServices, Inc. (\$2.5 million pre-tax, \$1.5 million post-tax) recorded in 2000.
- (b) Ratios for the six-month periods are annualized.
- (c) Pro forma information concerning adjusted net income and related adjusted earnings per share is presented only for periods prior to the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, which was adopted on January 1, 2002.



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**PROGRESS SPECIAL MEETING**

**General**

This proxy statement-prospectus is first being mailed by Progress to the holders of Progress common stock on or about \_\_\_\_\_, 2003, and is accompanied by the notice of the special meeting and a form of proxy that is solicited by the board of directors of Progress for use at the special meeting, to be held on \_\_\_\_\_, 2003 at \_\_\_\_\_, local time, at \_\_\_\_\_, and at any adjournments or postponements of that meeting.

**Matters to be Considered**

The purpose of the Progress special meeting is to approve the merger agreement, to consider and approve a proposal to adjourn the special meeting if necessary to permit solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement, and to consider any other matters that may be properly submitted to a vote at the special meeting. At this time, the Progress board of directors is unaware of any matters other than approval of the merger agreement that may be presented for action at the special meeting.

**How to Vote Your Shares**

Shareholders of record may vote by telephone, the Internet, mail or by attending the special meeting and voting in person. If you plan to attend the special meeting, please so indicate when you submit your proxy and please refer to the back cover for directions to the special meeting site and for important information regarding procedures for being admitted to the special meeting.

*Voting by telephone:* You can vote your shares by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate shareholders by using individual control numbers. **If you vote by telephone, you do not need to return your proxy card.**

*Voting via the internet:* You can vote via the Internet by accessing the web site listed on your proxy card and following the instructions you will find on the web site. Internet voting is available 24 hours a day, seven days a week. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you vote via the internet, you do not need to return your proxy card.**

*Voting by mail:* If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it to [ ], in the postage-paid envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Each proxy submitted will be voted as directed; however, if you sign, date and return your proxy card by mail without specifying how your shares are to be voted, your shares will be voted FOR the merger.

You may revoke your proxy at any time before it is exercised by any of the following means:

submitting to the Secretary of Progress written notice of revocation;

submitting a new proxy with a later date by telephone, the Internet or mail; or

attending the special meeting and electing to vote in person.

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Written notices of revocation and other communications with respect to the revocation of Progress proxies should be addressed to:

Progress Financial Corporation

4 Sentry Parkway

Suite 200

Blue Bell, Pennsylvania 19422-0764

Attention: Corporate Secretary

At this time, the Progress board of directors is unaware of any matters other than approval of the merger agreement and the adjournment of the meeting if necessary that may be presented for action at the special meeting. If other matters do properly come before the special meeting, however, the shares represented by proxies will be voted, or not voted, in the discretion of the persons named in the proxies.

## **Solicitation of Proxies**

Progress will bear the entire cost of soliciting proxies from Progress shareholders, except that each of FleetBoston and Progress has agreed to pay one-half of the costs of printing and mailing this proxy statement-prospectus and related proxy materials. In addition to the solicitation of proxies by mail, Progress will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of stock held by them and secure their voting instructions, if necessary. Progress will reimburse those record holders for their reasonable expenses in so doing. Progress has also made arrangements with [ ] to assist it in soliciting proxies from banks, brokers and nominees, and has agreed to pay approximately \$[ ] plus expenses for those services. Progress may also use its regular employees, who will not be specially compensated, to solicit proxies from Progress shareholders, either personally or by mail, telephone, telegram, facsimile or other electronic methods.

## **Record Date and Voting Rights**

In accordance with the provisions of the Delaware General Corporation Law, the Progress by-laws and the rules of the Nasdaq Stock Market, Progress has fixed [ ], 2003 as the record date for determining those Progress shareholders entitled to notice of, and to vote at, the Progress special meeting. Accordingly, only Progress shareholders of record at the close of business on the record date will be entitled to notice of and to vote at the Progress special meeting. At the close of business on the record date, there were [ ] shares of Progress common stock outstanding held by approximately [ ] holders of record. The presence, in person or by proxy, of shares of Progress common stock representing a majority of those shares outstanding and entitled to vote on the record date is necessary to constitute a quorum at the Progress special meeting. Each share of Progress common stock outstanding on the record date entitles its holder to one vote.

The affirmative vote of the holders of a majority of the outstanding shares of Progress common stock, voting in person or by proxy, is necessary to approve the merger agreement on behalf of Progress. The affirmative vote of a majority of the votes represented at the special meeting and entitled to vote on the matter is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement and any other matter properly submitted to shareholders for their consideration at the special meeting.

Any broker non-votes submitted by brokers or nominees in connection with the special meeting will not be counted for purposes of determining the number of votes cast on a proposal but will be treated as present for quorum purposes. **Broker non-votes** are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under the applicable New York Stock Exchange rules. Under

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these rules, the proposals to approve the merger agreement and to adjourn the special meeting are not items on which brokerage firms may vote in their discretion on behalf of their clients if their clients have not furnished voting instructions within ten days of the special meeting. Because the proposal to approve the merger agreement is required to be approved by the holders of a majority of the outstanding shares of Progress common stock, abstentions and broker non-votes will have the same effect as a vote against the proposal to approve the merger agreement at the special meeting. For the same reason, the failure of a Progress shareholder to vote by proxy or in person at the special meeting will have the effect of a vote against this proposal. Because the vote required for the proposal to adjourn the special meeting is the affirmative vote of a majority of the shares represented and entitled to vote on the matter at the special meeting, broker non-votes will have no effect on this proposal and abstentions will have the same effect as a vote against this proposal.

As of the record date, Progress, FleetBoston and their respective directors, executive officers and the other related parties identified below hold Progress common stock as follows:

directors and executive officers of Progress and their affiliates owned approximately \_\_\_\_\_ shares of Progress common stock (including shares of Progress common stock allocated to Progress executive officers in Progress's Employee Stock Ownership Plan and excluding stock options to purchase Progress common stock), entitling them to exercise approximately \_\_\_\_\_ % of the voting power of the Progress common stock entitled to vote at the Progress special meeting. The Progress directors and executive officers have entered into a stockholder agreement with FleetBoston agreeing to vote all shares owned by them in favor of the merger;

261,782 share