



DATE December 17, 2006

Leads: The Wall Street Journal Report  
MARIA BARTIROMO, host:

Hi, everybody. Welcome to the WALL STREET JOURNAL REPORT. I'm Maria Bartiromo. Among today's themes, how to beat the odds, break the rules and win.

(Clip from "The Pursuit of Happyness")

Announcer: Today, meet the man whose story is told in the new Will Smith film. From living on the street to making it big on Wall Street.

Then Maria's exclusive with Bank of America CEO Ken Lewis on everything from shaking up banking...

(Clip from Bank of America commercial)

Announcer: ...to B of A's wild YouTube moment.

Unidentified Man: (Courtesy of YouTube) (Singing) At Bank of America, one bank, one card.

Announcer: Plus how today's hottest video games can help keep kids inspired and America competitive.

BARTIROMO: Did you know that IBM makes the chip inside the Wii, the PS3 and the Xbox? All in New York? A lesson on how video-game technology is leading advances in everything from medicine to supercomputing.

Announcer: This is America's number one financial news program, the WALL STREET JOURNAL REPORT. Now, Maria Bartiromo.

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Newscast: New high for stocks; airline mergers; interest rates unchanged; consumers on buying spree  
MARIA BARTIROMO, host:

We begin with a look at What's News.

The year-end rally continued on Wall Street. After a few cautious days this week, stocks rose again late in the week. The Dow Jones industrial average hit a new high as did the small cap Russell 2000 Index. The gains were broad with two stocks rising for every one that fell. The Dow is now up 16 percent in 2006.

The friendly skies could soon be a little less crowded. United and

Continental are in talks to create the nation's largest airline. While low-cost carrier AirTran made a bid for Midwest Air. A huge deal for Australia's Qantas as well. All those coming a month back after US Airways made a bid for Delta.

No year-end surprises from the Fed. Bernanke and company left interest rates unchanged this week, though many on the Street are hoping for a cut in rates in the first half of '07.

Meanwhile, consumers went on a buying spree last month. Retail sales saw their biggest gain since July. Suggesting a healthy beginning to the most important time of the year for retailers.

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Interview: Gardner Rich & Company CEO Chris Gardner talks about being the subject of new movie "The Pursuit of Happyness"  
MARIA BARTIROMO, host:

And in the holiday spirit today we begin with the remarkable tale of the man who went from being a struggling salesman to losing his home to founding a multimillion-dollar Chicago investment firm. All this while honoring a promise to always be there for his son. Earlier this year, remember we met Chris Gardner and now his book, "The Pursuit of Happyness," is the subject of a major Hollywood film opening this weekend, starring one of the most bankable actors in show biz, Will Smith.

Chris, so good to see you again. Welcome back to the WALL STREET JOURNAL REPORT.

Mr. CHRIS GARDNER (CEO, Gardner Rich & Company): Oh, Maria, Maria, it's always good to be with you. Thank you for having me.

BARTIROMO: Congratulations on the movie. How did it feel to watch Will Smith portraying you?

Mr. GARDNER: Let me tell you something. Will Smith played Chris Gardner better than Chris Gardner ever did. He got paid better, too.

TEXT:

Will Smith heard Gardner's story and insisted on turning it into a movie

BARTIROMO: So let me recap for our viewers. After growing up in the projects, you're living in San Francisco with your young son, trying to sell medical devices nobody wants, basically drowning financially, right?

Mr. GARDNER: Totally.

BARTIROMO: Just to take you back, your girlfriend left you in the middle of you really--your worst time ever. And then you and your son became homeless.

Mr. GARDNER: Yes.

BARTIROMO: But even before that happened, you had started this process of trying to get into a broker training program at Dean Witter.

Mr. GARDNER: I had interviewed with just about every firm on Wall Street at that point in time, Maria. I had interviewed for close to a year. And I'd been asked often, was it racism? Did it have anything to do with this long process? And I'm so happy to say no. It was not racism. It was placism. I had never gone to college. Did not come from a politically connected family. Had no money of my own. So that's placism. That's not racism. That could affect any of your viewers out there.

TEXT:

Gardner got his first job in finance  
as a trainee at Dean Witter

Gardner went on to become a  
top producer at Bear Stearns

Gardner runs a successful brokerage  
firm & owns 3 luxury homes

BARTIROMO: Absolutely. OK. So this sets us up for this great clip that we're going to look at from the movie. You show up to your Dean Witter interview in some very, shall we say, informal attire.

Mr. GARDNER: Maria, don't you dare!

BARTIROMO: Come on. This is after spending the night in jail. You were in jail for unpaid parking tickets.

Mr. GARDNER: Parking tickets.

BARTIROMO: Let's watch--let's watch this.

Mr. GARDNER: Wow!

(Clip from Sony Pictures' "The Pursuit of Happyness")

BARTIROMO: That is great. They really seem to respond to your wit and character. And I love what you told me the last time. You said, 'I couldn't think of anything better to say other than the truth.'

Mr. GARDNER: The truth. Couldn't think of a lie bizarre enough.

BARTIROMO: So, and you could tell who you were just in the first few minutes of meeting these guys, I guess. And that's true in any meeting, right?

Mr. GARDNER: Oh, absolutely. You know right off the bat.

BARTIROMO: Did anybody at work in the Dean Witter training program know about your dire situation? Did people know that there were nights that you actually slept under your desk?

Mr. GARDNER: No, no. And they did not need to know. What they needed to know, Maria, was that I showed up at work every day and I lit it up. Every day. I started out in this business doing retail brokerage. And that level of the business is all about numbers. That meant 200 phone calls a day, Maria. That's what they knew. That guy was sitting there lighting it up

every day, and I knew that every time I picked up the phone, I was digging my way out of a hole and creating a better life for my children.

TEXT:

20 years ago, Gardner was homeless and sleeping in public bathrooms

BARTIROMO: And what's fascinating was not only did you get in the door at the firm, but you were a star. And then later you founded your own money management firm. Give us some advice. Give some advice to our viewers. What separated you from others who didn't do as well?

Mr. GARDNER: You know what, I honest to God believe in all of my heart, Maria, you've got to find something that you absolutely love. Something that gets you so excited that you cannot wait for the sun to come up in the morning because you want to go do your thing. Maria, anyone in this country, in the world, that's doing anything just for the money or because it comes easy to them, doesn't mean that they're necessarily happy and they're enjoying their life.

BARTIROMO: Well, also key to your story, though, is the bond you had with your son, right? You insisted on raising him and keeping that relationship strong even as you were, you know, rising the ladder and on this career fast track. How did you do that? I mean, how did you have the time to balance it all?

Mr. GARDNER: It's a challenge for any parent. But for me, it goes all the way back to growing up without a father, Maria. And making a decision when I was five years old that when I had children, my children were going to know who their father was. Breaking the cycle of men who are not there for their children is just as important to me as pursuing my dreams in business. And one of the things that I'm finding out on this part of the journey, so many men in our country have holes in their souls the shapes of their fathers.

BARTIROMO: Wow! And the world you aspire to was not only elitist, but at times it was racist, right? Tell us what happened with one of your major clients who thought you were white?

Mr. GARDNER: Oh, Maria.

BARTIROMO: Come on.

Mr. GARDNER: Oh, God! This gentleman down in Texas happened to have the--Midland, Texas--have more millionaires due to the price of oil than any place else in the country. And every time I would get him on the phone, he would like to tell me these jokes that all started with the N word.

BARTIROMO: Oh, God!

Mr. GARDNER: Oh, Maria. But then at the end of all the jokes, he would say, 'Well, buy me 50,000 shares of whatever you are calling me about.' Do the math. Fifty-thousand shares, 50 cents a share, that's a \$25,000 commission. I will laugh at your... (word censored by network)...joke for 25 grand.

BARTIROMO: Oh, God, oh, God!

Mr. GARDNER: I used to call him a lot. And I've told that story sometimes and African Americans have gotten upset with me and they wonder, 'Why did you not protest? Why did you not report him?' Maria, I have just had to fight, scratch and crawl my way out of a gutter with a baby tied on my back. It was not time to sing "We Shall Overcome." It was time to get paid.

BARTIROMO: God, what a story! I--it's just--that word hurts me though.

Chris, do me a favor. Hold up your two wrists for the camera. I've got to see this.

Mr. GARDNER: Oh, baby. I'm still on time.

BARTIROMO: Two watches.

Mr. GARDNER: I'm still on time.

BARTIROMO: You're wearing two watches. Why are you wearing two watches?

Mr. GARDNER: I've got to be on time. I was late once for a meeting when I was trying to raise the capital to start Gardner Rich & Company 20 years ago. I showed up 15 minutes late, and the one investor that I had who was serious explained to me, 'Son, if I cannot expect you to be on time, I cannot expect you to do timely things with my money. No, thank you.'

BARTIROMO: Oh, you are not going to let that happen again.

Mr. GARDNER: It will never happen again.

BARTIROMO: The book and the film are called "Pursuit of Happyness." But you're not saying money brought you the happiness, right?

Mr. GARDNER: Money is the least significant aspect of wealth. I've got one problem right now, Maria, that some of the richest people in the world do not have. And that is I can not sleep at night because my face hurts from walking around smiling all day.

BARTIROMO: I bet it does. Chris, I'm so happy for you. I'm wishing you the best.

Mr. GARDNER: Oh, Maria.

BARTIROMO: Thank you for joining us.

Mr. GARDNER: Thank you. Thank you, Maria. God bless you.

BARTIROMO: Have a great holiday and everybody go out and see this film and the book--"The Pursuit of Happyness" is the book. Chris Gardner.

Mr. GARDNER: Thank you, Maria. God bless you.

BARTIROMO: I'll see you soon. And to you.

Up next on the show, another guy who's breaking the rules all the way to the bank. Bank of America's Ken Lewis is joining us and everything from credit card fees to his game-changing offers. Like this one.

(Clip from Bank of America commercial)

BARTIROMO: More than three million people have signed up since its introduction a year ago. Stay tuned.

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Interview: Bank of America Chairman & CEO Ken Lewis talks about bringing in new business with innovative offers  
MARIA BARTIROMO, host:

A lot of buzz about Bank of America these days, which is bringing in new business with its innovative offers to customers. Such as the 'keep the change' program we mentioned before the break. Now the biggest retail bank in the United States, it is poised to overtake Citigroup as the world's most valued bank as well. B of A recently announced it will acquire US Trust, and rumors continue to swirl that it could be a buyer for Britain's Barclays, but CEO Ken Lewis downplayed such a possibility when I spoke with him recently, expressing confidence in his strategy to focus on the US. I began by asking him if he believes the average American is feeling stretched.

Mr. KEN LEWIS (Chairman & CEO, Bank of America): I don't think in general they're that stretched. If you think about low interest rates and all the refinancing that's going on, you've got lower monthly payments, lower obligations across the board. You've got wages still growing, and you've got employment growing. So that's not a--that's not a scenario that would say the consumer is going to have a lot of problems.

BARTIROMO: Let me ask you about rising credit card fees. There's a recent congressional study out that said late fees average \$34 and that is up from \$13 in 1995. The study cited several examples of fees that consumers aren't even aware of. They don't even know that they're paying these fees. Listen to what Senator Carl Levin had to say.

"Millions of Americans depend on credit cards to pay their bills and buy essentials like groceries and gas. Unfair or confusing credit card practices take advantage of working families."

Don't you think \$34 is a heck of a lot of money to pay for you being late for one day?

Mr. LEWIS: Yes, it is. And when we saw that study, we have gone back and done an extensive review just to make sure we're being fair. And first and foremost, we disclose what we say we are doing, that needs to be done with some brevity where you got some compromise from the lawyers that you don't have to make--it doesn't have to be three pages, but I don't--I don't think that most people read their disclosures in great detail. I know I don't.

TEXT:

U.S. Households With High Card Fees  
Rose From 13.5% in 1989 to 23% in '04

Credit Card Fee Revenues Quadrupled  
To \$7.7 Billion From 1996-2003

BARTIROMO: But you just bought US Trust to cater to the market for the very

wealthy, about \$3 million and up, but particularly, worth more than \$50 million in investable assets. How many American households do you think there are in that category?

Mr. LEWIS: More than probably you would think and than I would think. These are very wealthy people.

BARTIROMO: Do you wonder sometimes how all those people got so much money? I mean, you said it earlier that there's so much money in this country. How did they get it?

Mr. LEWIS: A lot of financial markets, I think, have provided a lot of the wealth. The hedge funds and the private equity groups would be--have been a big catalyst for that.

BARTIROMO: What about that next group? The--they're wealthy clients, but they don't have the \$50 million in assets. You have millions of retail bank customers. Someone has said it was eight million retail customers that have from \$300,000 to up to \$2 million in investable assets. They're using Bank of America as their retail bank. How do you get them to give you the money to manage?

Mr. LEWIS: Well, you have to add client managers. And one of the--we're adding a thousand or so a year.

TEXT:

1 in 825 U.S. households earned \$2M+  
last year, double that of 1989

BARTIROMO: So, does that mean you'll be hiring in the future?

Mr. LEWIS: Lot. A lot.

BARTIROMO: Let me ask you about some of your recent innovation that you've been doing at the bank. You're offering free online trading.

Mr. LEWIS: Yes.

BARTIROMO: For people who have \$25,000 or more on deposit. Your CFO recently said that the company has plans to introduce similar, quote, "disruptive strategies" in the mortgage business. Like what?

Mr. LEWIS: Well, I think exactly what he said is that's a possibility. And I think he was just using mortgage as an example. We don't have any immediate plans to do anything in the mortgage arena.

BARTIROMO: What about zero closing costs? Would you do that?

Mr. LEWIS: We're actually toying with that and substantially reduced closing costs.

BARTIROMO: Tell me about the 'keep the change' program.

Mr. LEWIS: We had a focus group and one of our customers was saying how she managed her finances and actually would write a check for, let's say \$25, 25.25 and she'd round it up to \$26.00 and then have that cushion. What if we

take that one step further and actually do that? Open a savings account and actually round it up for the customer and then match that amount of money. So actually it stemmed from talking--what we call voice of the customer. Talking to the customer and then getting an idea as a result of that.

BARTIROMO: That's terrific.

Mr. LEWIS: Yeah.

BARTIROMO: What about the value of the company right now? Do you think people are worried that they don't feel like you have enough of an international strategy? When all of the banks around you say that much of their growth is coming from international markets.

Mr. LEWIS: Right.

BARTIROMO: You're so focused on the US consumer.

Mr. LEWIS: We are. And we know that we have some--there's some areas that we really want to grow that. We're growing credit card in Europe and in Canada. We're building out our global corporate investment banking activities, particularly our capital markets activities in Europe and Asia. And we're very focused on where we're not as big as we should be. Take advantage of being able to get bigger in certain sectors like small business, like premier that we just talked about, so there are a lot of ways that we can grow. But I do think that's the--that's the question that's being asked. How can a company as large as you continue to grow?

BARTIROMO: Finally, a question about something that happens to bring together two big topics: the essence of corporate culture and the phenomenon known as YouTube. You know where I'm going with this.

Mr. LEWIS: Yes, I do.

BARTIROMO: Let's listen to a company presentation by two B of A employees celebrating the merger between Bank of America and MBNA.

Unidentified Man #1: (Courtesy of YouTube; singing) Is this even better? Now that we're the same. Two great companies come together. Now. MBNA is B of A. And they're one bank.

BARTIROMO: That is so great. He has a great voice. How did that happen?

Mr. LEWIS: I've just been stunned at this becoming a big deal, and as I've said before, in these presentations or skits or whatever you would call them, they're funny, they're silly, and then you find some talent sometimes you didn't know that was there.

BARTIROMO: Amazing.

Mr. LEWIS: They have one performance and then they go. This, of course, was not the case.

BARTIROMO: And then it went on YouTube. Do we know who put it on YouTube?

Mr. LEWIS: I don't know. No. What I want to know is, how the--how these people who're watching it, aren't they at work?

BARTIROMO: And obviously people do watch. More than 200,000 people have viewed that clip on YouTube. My thanks to Ken Lewis of Bank of America.

Up next on the WALL STREET JOURNAL REPORT...

Unidentified Man #2: Any questions you guys want to ask before we play games?

BARTIROMO: Teaching kids about science using some of the most advanced computer systems around, video games. Can it help America keep its competitive edge? Stay with us.

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Profile: IBM inspiring America's youth to study math and science  
MARIA BARTIROMO, host:

Welcome back. We've talked a lot about the issue of American competitiveness and the need to get kids excited about math and science. Well, IBM has a great idea. Show kids that if they study hard in school, one day they can make the coolest video games, like the ones they're clamoring for this season. And beyond that, they can even change the world.

JI: (From IBM) Welcome to Game Tomorrow, the future of gaming science and technology.

BARTIROMO: Meet Ji, he represents how far the technology of gaming has developed since the first video game ever. Remember Pong? At this state-of-the-art \$3 billion plant in New York, IBM is wowing kids with how it makes the chips or the brains behind the PlayStation, the Xbox and the Wii, all three of the hottest consoles around.

Mr. MIKE NELSON (Director of Internet Technology, IBM): The chips that we're selling today in a \$500 game console would've been equivalent to a supercomputer back in 1995. That's how far we've come.

BARTIROMO: And the reality is this gaming technology is leading the way toward advancements in other areas like medicine.

Mr. NELSON: With gaming technology, we can actually see how the heart works. So without cutting somebody up and doing surgery, we can go in and see a heart beating. And if there's a problem, we can actually detect that without have to do a lot of extensive tests. This is in real time. We're watching the heart as it's beating.

BARTIROMO: IBM believes kids need to be inspired at a much younger age by business, teachers and parents.

Ms. ROBIN WILLNER (Vice President Community Initiatives, IBM): When your kids are taking apart your kitchen cabinets and though that might make you angry, turn it into a positive that says, 'Wow. They're inquisitive and they want to know how things work.' All stake holders need to be part of this and realize, really realize that our nation is at risk if we don't take action.

BARTIROMO: And the approach appears to be working.

Unidentified Boy #1: I realize science isn't just working with test tubes and

chemicals. You can also design different things with--behind a computer.

Unidentified Boy #2: When they're talking about how this could help you cure people, I was fascinated by that.

Unidentified Girl #1: I was really interested in the heart, you could see. When you push somebody into a machine and you can see the heart. Because I want to be a pediatrician.

BARTIROMO: But it wasn't all serious. The students got to play on the hottest new gaming systems, some of which are on numerous holiday wish lists.

Unidentified Girl #2: I haven't really asked, but you know, my dad's--you know, had mentioned it, `Do you want a PlayStation 3?' So I don't know if he wants it so he can play with it or so I can play with it.

BARTIROMO: A great day and a fascinating glimpse into the future of gaming and America.

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Newscast: Stock market report, headlines  
MARIA BARTIROMO, host:

Next up, we'll look at what's on tap for next week. And as we take a break, let's look at how the stock market ended the week, along with some major headlines now.

(Stock figures follows)

TEXT:

HEADLINES:

S&P 500 at 6-year high

30-year mortgage rates at 6.12%

Former Enron CEO  
Skilling reports to prison

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Sign-off: Wall Street Journal Report

TEXT:

Viewer Feedb@ck:

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MARIA BARTIROMO, host:

That's the show for today. Thanks so much for joining me.

Next week, we'll look back at the year that was in business. Join me and a great panel to discuss the highs and lows of 2006. Each week, keep it here where Wall Street meets Main Street. Have a great week, everybody. I'll see

you next weekend.