

Boston Private Acquires KLS Professional Advisors Group

Company Release - 01/03/2005 14:40

BOSTON, Jan. 3 /PRNewswire-FirstCall/ -- Boston Private Financial Holdings, Inc. (Nasdaq: BPFH) today announced that the Company has completed the previously announced acquisition of an 81% interest in the business of KLS Professional Advisors Group LLC (KLS). Located in New York City, KLS is a wealth management firm with approximately \$2.7 billion of client assets under supervision. The firm specializes in investment management, insurance, retirement planning, estate planning and income tax planning services. Boston Private expects this transaction to be accretive on a cash basis immediately and to be accretive on a GAAP basis within an 18-month timeframe. The transaction purchase price is approximately \$30 million, with approximately 90% paid in cash, and the remaining paid in Boston Private common stock. The parties have agreed that the remaining 19% of KLS will be acquired by Boston Private within the next five years.

Founded in 1989, KLS is an independent registered investment advisory firm located in midtown Manhattan with 31 employees. The firm is managed by four key principals, Carlton B. Klapper, Arthur N. Langhaus, Robert M. Schorr, and Alan J. Brod, all of whom will remain in their current positions. As a firm founded by experienced wealth management experts, KLS offers a comprehensive and objective approach to financial, tax and estate planning. The firm offers advice and counsel on every aspect of their clients' financial affairs in pursuit of strategies designed to preserve and build their family's wealth.

Timothy L. Vaill, Boston Private's Chairman and Chief Executive Officer, said, "Boston Private's growth strategy is to replicate our successful wealth management approach in key geographic areas through acquisitions, grow our companies organically and diversify our revenue opportunities. The New York Metro Region is one of the most important wealth markets in the world and KLS is an integral part of our national expansion. Their proven expertise and reputation in the wealth advisory marketplace effectively expands our market reach while their recurring fee income allows us to further diversify our revenues. Over time, we hope to expand our capabilities in private banking, wealth advisory and investment management in the New York Metro Region. We are very pleased to welcome the very experienced KLS team to our organization."

Robert M. Schorr, Managing Director of KLS said, "This new alliance with Boston Private will allow us to focus on our future success as a wealth advisor and achieve our mutual growth goals. Most importantly, our clients will continue to receive the superior counsel and service that our firm is known for in the marketplace. We look forward to being part of Boston Private's national enterprise and participating in the Company's strategy to expand in New York Metro Region."

About Boston Private Financial Holdings

Boston Private Financial Holdings, Inc. is a financial services company which owns independently-operated affiliates located in key geographic regions of the U.S. Boston Private's affiliates offer private banking, wealth advisory and investment management services to the high net worth marketplace, selected businesses and institutions. The Company's strategy is to enter new markets primarily through selected acquisitions, and then expand its wealth management business by way of organic growth. It makes investments in mid-size firms in demographically attractive areas, forming geographic clusters that represent the firm's core competencies. Boston Private provides continuing assistance to its affiliates with strategic matters, marketing, compliance and operations. For more

information about Boston Private, visit the company's web site at <http://www.bostonprivate.com>.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements about the benefits of the transaction to KLS or Boston Private, including future financial and operating results, enhanced and future revenues that may be realized from the transaction, the accretive effect of the transaction on Boston Private's financial results, and Boston Private's strategic and performance goals for KLS; (ii) statements with respect to Boston Private's or KLS' strategy, initiatives, plans, objectives, expectations, and intentions; (iii) statements regarding the expected timing of the transaction; (iv) statements regarding future operations, market position or prospects of either Boston Private or KLS; and (v) other statements identified by words such as "will", "continues", "increases", "expand", "grow", "opportunity", "believes," "expects," "anticipates," "estimates," "intends," "plans," "target," and similar expressions. These statements are based upon the current beliefs and expectations of Boston Private's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in such forward-looking statements: (1) the expected benefits to Boston Private's wealth management initiatives may not be realized or may be realized more slowly than expected; (2) expected revenue and business synergies from the transaction may not be fully realized or realized within the expected time frame; (3) competitive pressures among investment management companies may increase significantly and have an adverse effect on pricing, spending, product offerings, third-party relationships, revenues and Boston Private's and KLS' abilities to attract and retain clients; (4) the strength of the United States economy in general and specifically the strength of the New England, New York and other economies in which Boston Private and KLS will be operating may be different than expected resulting in, among other things, a reduced demand for wealth management services; and (5) adverse conditions in the stock market, the public debt market and other capital markets and the impact of such conditions on Boston Private's and KLS' asset management activities and fees from such activities. Additional factors that could cause Boston Private's results to differ materially from those described in the forward-looking statements can be found in Boston Private's other press releases and Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with or furnished to the Securities and Exchange Commission. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Boston Private, KLS or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referenced above. Neither Boston Private nor KLS undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

CONTACT:

Kate Rajeck, Investor Relations
Boston Private Financial Holdings, Inc.
(617) 912-4380
<http://www.bostonprivate.com>

Robert M. Schorr, Managing Director
KLS Professional Advisors Group LLC
(212) 355-0346
<http://www.klsadvisors.com>

SOURCE Boston Private Financial Holdings, Inc.

-0-

01/03/2005

/CONTACT: Kate Rajeck, Investor Relations of Boston Private Financial Holdings, Inc., +1-617-912-4380; or Robert M. Schorr, Managing Director of KLS

Professional Advisors Group LLC, +1-212-355-0346/
/Web site: <http://www.bostonprivate.com><http://www.klsadvisors.com> /
(BPFH)

CO: Boston Private Financial Holdings, Inc.; KLS Professional Advisors Group
LLC (KLS)

ST: Massachusetts, New York

IN: FIN

SU: TNM

CP-NJ

-- NEM025 --

0890 01/03/200514:40 EST<http://www.prnewswire.com>