

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE WACHOVIA PREFERRED SECURITIES
AND BOND/NOTES LITIGATION

Master File No. 09 Civ. 6351 (RJS)

ECF Case

STIPULATION AND AGREEMENTS OF SETTLEMENT

This Stipulation and Agreements of Settlement dated as of August 5, 2011 (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into, by and through their respective undersigned counsel, and embodies the terms and conditions of the following two Settlements:

- (1) The Wachovia Settlement, consisting of a settlement between (a) the Orange County Employees’ Retirement System (“Orange County”), Louisiana Sheriffs’ Pension and Relief Fund (“Louisiana Sheriffs”), Southeastern Pennsylvania Transportation Authority (“SEPTA”) (collectively, “Lead Bond/Notes Plaintiffs”) in the above-captioned consolidated class action (the “Bond/Notes Action” or “Action”), individually and on behalf of the proposed Settlement Class (as defined below) and (b) Wachovia Corporation (“Wachovia”), the Wachovia Capital Trusts (defined below), Wachovia Capital Markets, LLC, Wells Fargo Securities, LLC, A.G. Edwards & Sons, Inc., Wells Fargo & Company (“Wells Fargo”) (as successor-in-interest to Wachovia), and the Individual Defendants (defined below) (collectively, the “Wachovia Defendants”); and
- (2) The KPMG Settlement, consisting of a settlement between (a) Lead Bond/Notes Plaintiffs individually and on behalf of the proposed Settlement Class and (b) KPMG LLP (“KPMG”).¹

Subject to the approval of the Court and the terms and conditions expressly provided herein, this Stipulation is intended by the parties hereto to fully, finally and forever compromise, settle, release, resolve, relinquish, waive, discharge and dismiss, on the merits and with prejudice, the

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in paragraph 1 herein.

Action and all claims asserted against all Defendants therein, and all Released Claims (defined below) as against the Releasees (defined below).

WHEREAS:

A. Beginning on December 19, 2008, three related putative class actions alleging claims under the Securities Act of 1933 (the “Securities Act”) relating to one or more preferred stock, bonds or notes offerings issued by Wachovia and/or certain of its affiliates, beginning with *Swiskay, et al. v. Wachovia Corp., et al.*, No. 09 Civ. 6457 (S.D.N.Y.) (RJS) (the “Swiskay Action”), and followed by *Miller v. Wachovia Corp., et al.*, No. 09 Civ. 6351 (S.D.N.Y.) (RJS) (the “Miller Action”), and *Orange County Employees' Retirement System, et al. v. Carlson, et al.*, No. 09 Civ. 6374 (S.D.N.Y.) (RJS) (the “Orange County Action”) (collectively, the “Bond/Notes Actions”), were filed in the Superior Court of the State of California, Alameda County (the “California Court”).

B. On January 29, 2009, the California Court ordered the consolidation of the Bond/Notes Actions under the caption *In re Wachovia Preferred Securities and Bond/Notes Litigation*, No. RG 08426378, and appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP (“Bernstein Litowitz”), Barroway Topaz Kessler Meltzer & Check, LLP, now known as Kessler Topaz Meltzer & Check, LLP (“Kessler Topaz”), and Coughlin Stoia Geller Rudman & Robbins, now known as Robbins Geller Rudman & Dowd LLP (“Robbins Geller”), as Co-Lead Counsel for the putative class (collectively, “Lead Bond/Notes Counsel”).

C. On March 6, 2009, the consolidated Bond/Notes Actions were removed from the California Court to the United States District Court for the Northern District of California (the “Northern District”). On June 22, 2009, the Northern District granted the motion to relate the

consolidated Bond/Notes Actions and ordered their transfer, pursuant to 28 U.S.C. §1404(a), to the United States District Court for the Southern District of New York (the “Court”).

D. By Order dated August 20, 2009 (the “Bond/Notes Consolidation Order”), the Court (i) consolidated the Bond/Notes Actions under the caption *In re Wachovia Preferred Securities and Bond/Notes Litigation*, Master File No. 09 Civ. 6351 (S.D.N.Y.) (RJS) (the “Bond/Notes Action”); (ii) appointed Orange County, Louisiana Sheriffs, and SEPTA as Co-Lead Plaintiffs in the Bond/Notes Action, and (iii) affirmed the California Court’s prior appointment of Lead Bond/Notes Counsel as Co-Lead Counsel in the Bond/Notes Action.

E. The Bond/Notes Consolidation Order also ordered that the instant Bond/Notes Action be coordinated for pre-trial purposes with a putative class action brought solely on behalf of investors in Wachovia equity securities that was also pending before the Court, which was captioned *In re Wachovia Equity Securities Litigation*, No. 08 Civ. 6171 (S.D.N.Y.) (RJS). The aforementioned actions were also coordinated for pre-trial purposes with two individual actions that, like the *In re Wachovia Equity Securities Litigation*, were also brought by investors in Wachovia equity securities, which were respectively captioned *Stichting Pensioenfond ABP, et al. v. Wachovia Corp., et al.*, No. 09 Civ. 04473 (S.D.N.Y.) (RJS), and *FC Holdings AB, et al. v. Wells Fargo & Co., et al.*, No. 09 Civ. 5466 (S.D.N.Y.) (RJS) (*In re Wachovia Equity Securities Litigation* and *Stichting Pensioenfond ABP* and *FC Holdings AB* actions are hereafter collectively referred to as the “Equity Actions”).

F. On September 4, 2009, Lead Bond/Notes Plaintiffs filed their Consolidated Class Action Complaint (the “First Consolidated Bond/Notes Complaint”), on behalf of themselves and all persons and entities (except the Defendants and their affiliated or related Persons) who purchased or otherwise acquired certain Wachovia preferred securities, bonds or notes (“Bond

Class Securities,” as further defined below) in or traceable to publicly registered offerings (the “Offerings”) conducted between July 31, 2006 and May 29, 2008 (the “Offering Period”) pursuant to one of five separate shelf registration statements, which each allegedly incorporated by reference the prospectus and certain other materials for each given Offering (collectively, the “Offering Materials”), and which were filed with the Securities and Exchange Commission (“SEC”). The First Consolidated Bond/Notes Complaint asserted claims under Sections 11, 12(a)(2) and 15 of the Securities Act against the following Defendants: (a) Wachovia and certain of its directors, officers and affiliates (collectively, with Wells Fargo, the “Wachovia Defendants,” as further defined above and below); (b) certain non-Wachovia underwriters who underwrote all or portions of the Offerings (the “Underwriter Defendants,” as further defined below); (c) KPMG, Wachovia’s outside auditor which certified Wachovia’s 2006 and 2007 annual financial statements which were incorporated into the Offering Materials for a majority of the Offerings at issue; and (d) Wells Fargo in its capacity as successor-in-interest to the outstanding debts and pre-merger liabilities of Wachovia (which merged with and into Wells Fargo, with Wells Fargo surviving the merger, on December 31, 2008).

G. On November 3, 2009, the Wachovia Defendants, the Underwriter Defendants and KPMG each filed a separate motion to dismiss the First Consolidated Bond/Notes Complaint and briefs and exhibits in support thereof. Lead Bond/Notes Plaintiffs filed their consolidated brief in opposition to these motions on December 18, 2009, and the various Defendants filed their respective reply briefs on February 4, 2010.

H. On April 15, 2010, the Court issued an Order advising all plaintiffs in the Bond/Notes Action and the Equity Actions that if they ever intended to seek leave to amend their pleadings, they should do so no later than April 26, 2010, so that the Court could avoid the need

to rule more than once on the sufficiency of the respective plaintiffs' pleadings. Lead Bond/Notes Plaintiffs subsequently sought leave to file an amended complaint, and on May 3, 2010, the Court granted the motion.

I. On May 28, 2010, Lead Bond/Notes Plaintiffs and Additional Bond/Notes Plaintiffs (collectively, "Bond/Notes Plaintiffs") filed their Amended Consolidated Class Action Complaint (the "Amended Bond/Notes Complaint"), which re-pled Lead Bond/Notes Plaintiffs' previously asserted claims under Sections 11, 12(a)(2) and 15 of the Securities Act against the Defendants, and which also supplemented their prior allegations with (among other things) the statements of numerous additional confidential witnesses. The Amended Bond/Notes Complaint alleged that the Offering Materials materially misstated and failed to disclose the true nature and quality of Wachovia's mortgage loan portfolio, and materially misled investors as to Wachovia's exposure to tens of billions of dollars of losses on mortgage-related assets. The Amended Bond/Notes Complaint (like its predecessor complaint) alleged that, *inter alia*, the Offering Materials contained material misstatements – and omitted to state facts necessary to make the representations contained in the Offering Materials not materially misleading – concerning, among other things, the risk profile and quality of Wachovia's \$120 billion Pick-A-Pay option adjustable rate residential mortgage loan portfolio (the "Pick-A-Pay Portfolio"); the nature and quality of the in-house appraisals and underwriting processes used in underwriting Wachovia's Pick-A-Pay Portfolio; Wachovia's publicly reported loan-to-value ratios for the Pick-A-Pay Portfolio; the adequacy of Wachovia's reported loan loss reserves; the valuation of Wachovia's holdings of collateralized debt obligations and subprime residential mortgage backed securities; the valuation of the goodwill that Wachovia carried as an asset on its financial statements in connection with its 2006 acquisition of Golden West Financial Corporation (whose primary asset,

in turn, was the Pick-A-Pay Portfolio); Wachovia's stated net income, total assets and Tier 1 capital; and Wachovia's compliance with Generally Accepted Accounting Principles ("GAAP").

J. On July 14, 2010, the Wachovia Defendants, the Underwriter Defendants and KPMG each filed a separate motion to dismiss the Amended Bond/Notes Complaint and briefs and exhibits in support thereof. Lead Bond/Notes Plaintiffs filed their consolidated brief in opposition to these motions on August 13, 2010, and the various Defendants filed reply briefs in support of their motions on September 15, 2010.

K. In November 2010, counsel for the Wachovia Defendants and counsel for Lead Bond/Notes Plaintiffs commenced a preliminary dialogue to explore the possibility of commencing settlement discussions under the auspices of an appropriately experienced and mutually agreeable mediator. After further discussions, during the winter of 2010-2011, Lead Bond/Notes Plaintiffs and the Wachovia Defendants eventually agreed to retain Judge Daniel Weinstein (ret.) ("Judge Weinstein" or the "Mediator") to assist them in exploring a potential negotiated resolution of the claims against the Wachovia Defendants, and met and exchanged certain information under the auspices of the Mediator in late March 2011 (including a two-day face-to-face mediation session held in New York City) in an effort to determine if the claims against the Wachovia Defendants could be settled. As a result of these discussions and separate one-on-one communications with the Mediator, both sides concluded that enough progress and serious interest in exploring a *bona fide* and fair, reasonable and adequate settlement had been made to warrant a further set of meetings under the auspices of the Mediator to be held in April 2011. However, no settlement was reached during March 2011, as the Lead Bond/Notes Plaintiffs and the Wachovia Defendants remained far apart.

L. On March 31, 2011, the Court entered its Opinion and Order on the various motions to dismiss that had been filed in both this Action (the Bond/Notes Action) and in each of the separate Equity Actions. *See In re Wachovia Equity Sec. Litig.*, 753 F. Supp. 2d 326, 2011 U.S. Dist. LEXIS 36129 (S.D.N.Y. March 31, 2011) (RJS) (the “March 31 Opinion”). The March 31 Opinion dismissed in their entirety the claims asserted in the various Equity Actions, but denied in substantial part each of the motions to dismiss the Amended Bond/Notes Complaint filed by the various Defendants in this Action.

M. Following the issuance of the Court’s March 31 Opinion, on April 14, 2011, KPMG filed a Motion for Reconsideration, which requested that the Court reconsider its March 31 Opinion and that the Court, upon reconsideration, grant KPMG’s earlier motion to dismiss all claims asserted against it. Also on April 14, 2011, in accordance with the Hon. Richard J. Sullivan’s Rules of Individual Practice, KPMG filed a letter with the Court requesting a pre-motion conference and permission to file a motion for leave to file an interlocutory appeal of the Court’s March 31 Opinion under 28 U.S.C. §1292(b).

N. The Wachovia Defendants and Lead Bond/Notes Plaintiffs engaged in further separate one-on-one oral and written communications with the Mediator, Judge Weinstein, to discuss with him, *inter alia*, their respective views on the impact of the Court’s March 31 Opinion on the Bond/Notes Action, and to determine whether continuation of their earlier settlement discussions from March were warranted and/or likely to be productive. After conducting various one-on-one conversations with the relevant counsel, Judge Weinstein recommended that both sides meet again under his auspices in New York on April 28, 2011 in order to attempt to reach a settlement, and both sides thereafter agreed to do so.

O. With the assistance of Judge Weinstein as Mediator, and after a further full day of protracted face-to-face meetings, presentations and arm's-length negotiation, counsel for the Wachovia Defendants and Lead Bond/Notes Plaintiffs entered into a binding term sheet (the "Wachovia Term Sheet") to settle and release all claims asserted against the Wachovia Defendants and the Underwriter Defendants (but not KPMG) for \$590 million, all cash, subject to certain terms and conditions and the execution of a customary "long form" stipulation and agreement of settlement and related papers. The resolution with the Wachovia Defendants left KPMG as the only non-settling Defendant in this Action.

P. In the first week of May 2011, promptly after reaching their agreement to settle with the Wachovia Defendants, Lead Bond/Notes Counsel contacted KPMG's counsel to explore the possibility of commencing settlement discussions. On May 5, 2011, counsel for both KPMG and Lead Bond/Notes Plaintiffs participated in a conference call with the Court, where the parties jointly requested – and the Court granted – an extension of all pending litigation deadlines for 45 days in order to allow the parties a reasonable opportunity to explore possible settlement discussions.

Q. Initial settlement discussions revealed that Lead Bond/Notes Plaintiffs' and KPMG's settlement positions were far apart. However, rather than abandon further settlement discussions, in late May 2011, Lead Bond/Notes Plaintiffs and KPMG agreed to retain Judge Weinstein (who had also mediated the successful settlement negotiations between Lead Bond/Notes Plaintiffs and the Wachovia Defendants, and who was therefore already fully familiar with the relevant issues in the case) to assist them in exploring a potential resolution of the claims asserted against KPMG.

R. Pursuant to a pre-mediation schedule agreed upon by the parties, Lead Bond/Notes Plaintiffs and KPMG exchanged comprehensive mediation briefs and other materials during late May and early June 2011, and thereafter participated in a two-day face-to-face mediation session under the auspices of Judge Weinstein in New York City on June 13 and 14, 2011. After conclusion of these face-to-face and arm's-length negotiations, the parties continued to remain far apart. In the following days, however, the Mediator continued to engage in separate one-on-one communications with counsel for Lead Bond/Notes Plaintiffs and KPMG, respectively, in an effort to narrow and, if possible, resolve the parties' differences. Accordingly, although negotiations remained difficult, enough progress was made that, at the Mediator's request, both sides agreed to make two additional requests to the Court for further brief extensions of the pending litigation deadlines – both of which the Court granted – in order to allow the parties additional time to try to reach a settlement.

S. On Thursday, June 23, 2011, Lead Bond/Notes Plaintiffs and KPMG reached an agreement in principle to settle all claims asserted against KPMG for \$37 million in cash. However, disagreements remained over certain non-monetary terms of the proposed settlement, with the result that negotiations over the terms of a binding term sheet continued for several additional days as the parties engaged in further arm's-length negotiations to resolve their remaining differences.

T. On June 28, 2011, counsel for KPMG and Lead Bond/Notes Plaintiffs entered into a binding term sheet (the "KPMG Term Sheet") to settle and release all claims asserted against KPMG for \$37 million, all cash, subject to certain terms and conditions and the execution of a customary "long form" stipulation and agreement of settlement and related papers.

U. This Stipulation and Agreements of Settlement (together with the exhibits hereto and certain other documents referred to herein), has been duly executed by the undersigned signatories on behalf of their respective clients, and reflects (a) the final and binding agreement between Bond/Notes Plaintiffs and the Wachovia Defendants, and (b) the final and binding agreement between Bond/Notes Plaintiffs and KPMG, consistent with the terms of the Settling Parties' respective earlier term sheets.

V. Each of the Settling Defendants denies any wrongdoing, and this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Settling Defendants, or any other of the Released Defendant Persons (defined below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Settling Defendants have, or could have, asserted. The Settling Defendants expressly deny that Bond/Notes Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. Similarly, this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Bond/Note Plaintiff of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Settling Defendants' affirmative defenses to liability had any merit. Each of the Settling Parties recognizes and acknowledges, however, that the Bond/Notes Action has been initiated, filed and prosecuted by Bond/Notes Plaintiffs in good faith and defended by the Settling Defendants in good faith, that the Action is being voluntarily settled with the advice of counsel, and that the terms of both the Wachovia Settlement and the KPMG Settlement are fair, adequate and reasonable.

W. Lead Bond/Notes Counsel have conducted an extensive pre-filing investigation relating to the claims and the underlying events and transactions alleged in the Amended Bond/Notes Complaint. For example, Lead Bond/Notes Counsel (a) identified, interviewed and analyzed the statements of well over 150 confidential witnesses, (b) collected, reviewed and analyzed hundreds of SEC filings, press releases, news articles and analyst reports concerning Wachovia and the events and circumstances at issue in this Action, and (c) thoroughly researched the applicable law with respect to the claims of Bond/Notes Plaintiffs and the Settlement Class against the Settling Defendants, including Defendants' potential defenses thereto.

X. In addition, in the period immediately following the Court's denial (in substantial part) of the Defendants' respective motions to dismiss, and pursuant to Lead Bond/Notes Counsel's specific requests, the Wachovia Defendants produced to Lead Bond/Notes Counsel, and Lead Bond/Notes Counsel have undertaken the process of reviewing and analyzing, over 9 million pages of internal Wachovia and Wells Fargo documents concerning the matters alleged in the Amended Bond/Notes Complaint. In addition, during the same period, the Wachovia Defendants have made available to Lead Bond/Notes Counsel, and Lead Bond/Notes Counsel are in the process of interviewing approximately fifteen current Wells Fargo and/or Wachovia personnel (including former Wachovia personnel now employed by Wells Fargo) who have knowledge of the matters alleged in the Amended Bond/Notes Complaint. Similarly, pursuant to Lead Bond/Notes Counsel's specific requests, KPMG has produced to Lead Bond/Notes Counsel, and Lead Bond/Notes Counsel have undertaken the process of reviewing and analyzing, over 285,000 pages of internal KPMG documents (including the relevant portions of KPMG's workpapers) concerning the matters alleged in the Amended Bond/Notes Complaint against KPMG. In addition, KPMG has made available to Lead Bond/Notes Counsel, and Lead Bond/Notes

Counsel have interviewed (or are scheduled to interview) a number of current KPMG personnel who have knowledge of the matters alleged in the Amended Bond/Notes Complaint that are the subject of Bond/Notes Plaintiffs' claims against KPMG (including matters concerning the nature, scope and content of KPMG's annual audits of Wachovia's financial statements).

Y. Based upon their investigation and their prosecution of the case, and subject to the completion of the due diligence discovery provided for under the Terms Sheets and referenced herein, Lead Bond/Notes Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to the Bond/Notes Plaintiffs and the other members of the Settlement Class, and in their best interests. Based on Lead Bond/Notes Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel (including both their undersigned lead counsel and their respective regular in-house or external "general counsel"), each of the Lead Bond/Notes Plaintiffs have agreed to settle the claims raised in the Bond/Notes Action pursuant to the terms and provisions of this Stipulation, after considering (a) the very substantial financial benefits that Lead Bond/Notes Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement, (b) the significant risks of continued litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

NOW THEREFORE, without any admission or concession whatsoever on the part of Lead Bond/Notes Plaintiffs, or any other members of the Settlement Class, or Lead Bond/Notes Counsel of any lack of merit in any aspect of the claims asserted in the Bond/Notes Action, and without any admission or concession whatsoever on the part of the Settling Defendants, or any other of the Released Defendant Persons, or Settling Defendants' Counsel (defined below) of any

liability or wrongdoing or of any lack of merit in the defenses they asserted to the claims alleged in this Action, it is hereby STIPULATED AND AGREED,

- (a) by and among Lead Bond/Notes Plaintiffs (individually and in their representative capacities) and the Wachovia Defendants, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the PSLRA and other conditions set forth herein, that, in consideration of the benefits flowing to these Settling Parties from the Wachovia Settlement, all Released Bond/Notes Claims as against the Wachovia Releasees and all Released Wachovia Defendant Persons' Claims as against the Bond/Notes Plaintiff-Related Releasees shall be fully, finally and forever compromised, settled, released, resolved, relinquished, waived, discharged and dismissed, on the merits and with prejudice; and
- (b) by and among Lead Bond/Notes Plaintiffs (individually and in their representative capacities) and KPMG, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the PSLRA and other conditions set forth herein, that, in consideration of the benefits flowing to these Settling Parties from the KPMG Settlement, all Released Bond/Notes Claims as against the KPMG Releasees and all Released KPMG Defendant Persons' Claims as against the Bond/Notes Plaintiff-Related Releasees shall be fully, finally and forever compromised, settled, released, resolved, relinquished, waived, discharged and dismissed, on the merits and with prejudice,

in accordance with and subject to the terms and conditions set forth below.

I. DEFINITIONS

1. As used in this Stipulation, the following capitalized terms shall have the following meanings:

(a) “Additional Bond/Notes Plaintiffs” means the additional named plaintiffs in the Bond/Notes Action, namely, the Hawaii Sheet Metal Workers Pension Fund, Iron Workers Locals 40, 361 & 417 Union Security Funds, Norman Levin, City of Livonia Employees’ Retirement System, Arlette Miller, Michael Swiskay, Michael Swiskay, as trustee of the Judith R. Swiskay Irrevocable Trust U/A 7/16/2007, Michael Swiskay, as trustee of the Trust U/W/O Hanan Swiskay FBO Jeffrey Swiskay, and Michael Swiskay, as trustee of the Trust U/W/O Hanan Swiskay.

(b) “Alternative Judgment” means a form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in this Stipulation.

(c) “Amended Bond/Notes Complaint” means the Amended Consolidated Class Action Complaint filed by Lead Bond/Notes Plaintiffs in the Bond/Notes Action on or about May 28, 2010.

(d) “Authorized Claimant” means a Settlement Class Member who submits a timely and valid Proof of Claim Form to the Claims Administrator, in accordance with the requirements established by the Court, that is approved for payment from the Net Settlement Fund.

(e) “Bond Class Securities” means 6.375% Wachovia Capital Trust IV Trust Preferred Securities (CUSIP No. 92978U207), 6.375% Wachovia Capital Trust IX Trust Preferred Securities (92978X201), 7.85% Wachovia Capital Trust X Trust Preferred Securities

(92979K208), 8.00% Non-Cumulative Perpetual Class A Preferred Stock, Series J (929903276), Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series K (929403243) (later denominated 929903EF5), 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L (929903219), Three-Month LIBOR Floating Rate Notes Due August 1, 2013 (92976WBB1), 5.70% Notes Due August 1, 2013 (92976WBA3), Three-Month LIBOR Floating Rate Notes Due October 15, 2011 (929903CG5), 5.30% Notes Due October 15, 2011 (929903CF7), 5.625% Subordinated Notes Due October 15, 2016 (929903CH3), Three-Month LIBOR Floating Rate Subordinated Notes Due October 15, 2016 (929903CJ9), Three-Month LIBOR Floating Rate Senior Notes Due December 1, 2009 (92976WBC9), Three-Month LIBOR Floating Rate Notes Due April 23, 2012 (929903DF6), Three-Month LIBOR Floating Rate Notes Due June 15, 2017 (929903DU3), 5.75% Notes Due June 15, 2017 (929903DT6), Three-Month LIBOR Floating Rate Notes Due July 26, 2010 (92976WBD7), Three-Month LIBOR Floating Rate Notes Due August 20, 2009 (929903EC2), Three-Month LIBOR Floating Rate Notes Due November 24, 2009 (92976WBG0), 5.75% Notes due February 1, 2018 (92976WBH8), 5.50% Fixed Rate Notes Due May 1, 2013 (92976WBJ4), and Three Month LIBOR Floating Rate Notes due May 1, 2013 (92976WBK1).

(f) “Bond/Notes Action” or “Action” means *In re Wachovia Preferred Securities and Bond/Notes Litigation*, Master File No. 09 Civ. 6351 (S.D.N.Y.) (RJS), and includes all actions consolidated therein pursuant to the Court’s Bond/Notes Consolidation Order or otherwise, including, the subsequently filed action denominated *City of Livonia Employees’ Retirement System v. Wachovia Corp., et al.*, No. 09 Civ. 8268 (S.D.N.Y.) (RJS).

(g) “Bond/Notes Plaintiffs” means Lead Bond/Notes Plaintiffs and the Additional Bond/Notes Plaintiffs.

(h) “Bond/Notes Plaintiffs’ Counsel” means Lead Bond/Notes Counsel and all other legal counsel who, at the direction and under the supervision of Lead Bond/Notes Counsel, performed services on behalf of or for the benefit of the Settlement Class.

(i) “Bond/Notes Plaintiff-Related Releasees” means the Bond/Notes Plaintiffs and all other Settlement Class Members, and Bond/Notes Plaintiffs’ Counsel and each of their heirs, executors, administrators, predecessors, successors and assigns.

(j) “Claim” means a Proof of Claim Form submitted to the Claims Administrator.

(k) “Claim Form” or “Proof of Claim Form” means the form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, that a Claimant or Settlement Class Member must complete should that Claimant or Settlement Class Member seek to share in a distribution of the Net Settlement Fund.

(l) “Claimant” means a Person that submits a Claim Form to the Claims Administrator seeking to share in the proceeds of the Settlement Fund.

(m) “Claims Administrator” means the firm retained by Lead Bond/Notes Counsel on behalf of the Settlement Class, subject to approval of the Court, to provide all notices approved by the Court to potential Settlement Class Members and to administer the Settlements.

(n) “Complete Bar Order” means the bar order, the text of which is set forth in ¶ 34 below, to be proposed to the Court as part of the Judgment, or Alternative Judgment if applicable.

(o) “Court” means the United States District Court for the Southern District of New York.

(p) “Defendants” means the Wachovia Defendants, the Underwriter Defendants and KPMG.

(q) “Effective Date,” with respect to the Settlements (or either of them, as applicable), shall occur upon the occurrence or waiver of all of the conditions set forth in ¶¶ 40, 42(h), or 43(h), below.

(r) “Escrow Account” means an account maintained at the New York branch of Citibank, N.A. to hold the Settlement Fund, which account, subject to the Court’s supervisory authority, shall be under the control of Lead Bond/Notes Counsel.

(s) “Escrow Agent” means the New York branch of Citibank, N.A.

(t) “Escrow Agreement” means the agreement between Lead Bond/Notes Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(u) “Final,” with respect to the Judgment, or Alternative Judgment, if applicable, means: (a) if no appeal is filed, the expiration date of the time provided for filing or noticing of any appeal under the Federal Rules of Civil Procedure or any other applicable federal rules; or (b) if there is an appeal from the Judgment, or Alternative Judgment, if applicable, the date of (i) final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise to review the Judgment, or Alternative Judgment, if applicable, or (ii) the date the Judgment, or Alternative Judgment, if applicable, is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review of the Judgment, or Alternative Judgment, if applicable, and, if certiorari or other form of review is granted, the date of final affirmance of the Judgment, or Alternative Judgment, if applicable, following review pursuant to that grant.

However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys' fees, costs or expenses, or (ii) the plan of allocation (as submitted or subsequently modified), shall not in any way delay or preclude the Judgment or Alternative Judgment, if applicable, from becoming Final.

(v) "Immediate Family" means an individual's spouse, parents, siblings, children, grandparents, grandchildren; the spouses of his or her parents, siblings and children; and the parents and siblings of his or her spouse, and includes step and adoptive relationships. In this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic partnership or civil union.

(w) "Individual Defendants" means G. Kennedy Thompson, Peter M. Carlson, Ross E. Jeffries, Jr., David M. Julian, Mark C. Treanor, Donald K. Truslow, Thomas J. Wurtz, John D. Baker, II, Robert J. Brown, Peter C. Browning, John T. Casteen, III, Jerome A. Gitt, William H. Goodwin, Jr., Maryellen C. Herringer, Robert A. Ingram, Donald M. James, Mackey J. McDonald, Joseph Neubauer, Timothy D. Proctor, Ernest S. Rady, Van L. Richey, Ruth G. Shaw, Lanty L. Smith, John C. Whitaker, Jr., and Dona Davis Young.

(x) "Insurers" means any and all of the Settling Defendants' insurance carriers who may contribute to the payment of the Total Settlement Amount.

(y) "Investment Vehicle" means any investment company or pooled investment fund, including but not limited to mutual fund families, exchange-traded funds, fund of funds and hedge funds, in which any Underwriter Defendant has or may have a direct or indirect interest, or as to which its affiliates may act as an investment advisor; provided, however, that any Claim Form submitted by an Investment Vehicle shall be limited to purchases made on behalf of or for the benefit of Persons other than Persons that are excluded from the

Settlement Class by definition. This definition does not bring into the Settlement Class any of the Underwriter Defendants.

(z) “Judgment” means the final judgment and order, substantially in the form attached hereto as Exhibit B, to be entered approving the Settlements and dismissing the Action against the Released Defendant Persons on the merits with prejudice.

(aa) “KPMG Releasees” means KPMG and its present and former parents, subsidiaries, divisions and affiliates and their respective present and former employees, members, partners, principals, Section 16 Officers, directors, agents, attorneys, advisors, administrators, representatives, accountants, auditors, insurers, and agents; the predecessors, successors, estates, heirs, executors, administrators, and assigns of each of them in their capacity as such, and any firm, trust, corporation, or other entity in which KPMG has or had a controlling interest. Notwithstanding the foregoing, KPMG Releasees do not include any of the Wachovia Releasees.

(bb) “KPMG Settlement” means the settlement between Lead Bond/Notes Plaintiffs and KPMG on the terms and conditions set forth in this Stipulation.

(cc) “KPMG Settlement Amount” means Thirty Seven Million Dollars (\$37,000,000) in cash to be paid by or on behalf of KPMG.

(dd) “Lead Bond/Notes Counsel” means the law firms of Bernstein Litowitz Berger & Grossmann LLP, Kessler Topaz Meltzer & Check, LLP, and Robbins Geller Rudman & Dowd LLP.

(ee) “Lead Bond/Notes Plaintiffs” means Orange County Employees’ Retirement System, Louisiana Sheriffs’ Pension and Relief Fund, and Southeastern Pennsylvania Transportation Authority.

(ff) “Litigation Expenses” means costs and expenses incurred in connection with commencing and prosecuting the Action (which may include the costs and expenses of Bond/Notes Plaintiffs directly related to their representation of the Settlement Class), for which Lead Bond/Notes Counsel intend to apply to the Court for reimbursement from the Settlement Fund.

(gg) “Net Settlement Fund” means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys’ fees awarded by the Court.

(hh) “Non-Settling Defendants” means: (i) KPMG, in the event that KPMG exercises its option to terminate the KPMG Settlement in accordance with this Stipulation or the Effective Date as to the KPMG Settlement otherwise does not occur, and the Effective Date of the Wachovia Settlement does occur; (ii) the Wachovia Defendants and the Underwriter Defendants, in the event that the Wachovia Defendants exercise their option to terminate the Wachovia Settlement in accordance with this Stipulation or the Effective Date as to the Wachovia Settlement otherwise does not occur, and the Effective Date of the KPMG Settlement does occur; and (iii) any Underwriter Defendant that fails to provide an Underwriter Defendant Release in accordance with this Stipulation.

(ii) “Notice” means the Notice of (I) Pendency of Class Action; (II) Proposed Settlements and Plan of Allocation; (III) Settlement Fairness Hearing; and (IV) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, which is to be sent to Settlement Class Members, substantially in the form attached hereto as Exhibit 1 to Exhibit A.

(jj) “Notice and Administration Costs” means the costs, fees and expenses that are incurred by the Claims Administrator and Lead Bond/Notes Counsel in

connection with (i) providing notice to the Settlement Class; and (ii) administering the Claims process as well as the costs, fees and expenses incurred in connection with the Escrow Account; *provided however*, that the Notice and Administration Costs shall not include any Litigation Expenses or any attorneys' fees awarded by the Court.

(kk) "Person" means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability corporation, association, affiliate, joint stock company, government and any political subdivision thereof, legal representative, trust, trustee, unincorporated association, or any business or legal entity.

(ll) "Plan of Allocation" means the proposed plan of allocation of the Net Settlement Fund set forth in the Notice.

(mm) "Preliminary Approval Order" means the order, substantially in the form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the Settlement and directing notice be provided to the Settlement Class.

(nn) "PSLRA" means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, *et seq.*, as amended.

(oo) "Releases" means the releases and waivers set forth in ¶¶ 5-8 of this Stipulation.

(pp) "Released Bond/Notes Claims" means any and all claims and any and all causes of action of every nature and description, including both known claims and Unknown Claims, whether based on federal, state, local or foreign statutory law or common law, rule or regulation, whether fixed or contingent, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, existing now or to be created in the future, whether direct, representative, class or individual in nature, that Lead Bond/Notes Plaintiffs or

any other member of the Settlement Class (a) asserted in the Bond/Notes Action, or (b) could have asserted in any forum that arise out of, are based upon or are related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Amended Bond/Notes Complaint and that arise out of or are based upon the purchase or other acquisition or sale of the Bond Class Securities during the Settlement Class Period. Released Bond/Notes Claims do not include, release, bar waive, impair or otherwise impact (i) any claims asserted in the actions styled *In re Wachovia Equity Securities Litigation*, No. 08 Civ. 6171 (RJS), *Stichting Pensioenfonds ABP, et al. v. Wachovia Corp., et al.*, 09 Civ. 04473 (RJS), and *FC Holdings AB, et al. v. Wells Fargo & Co., et al.*, No. 09 Civ. 5466 (RJS); or (ii) any claims of any Settlement Class Member against any Non-Settling Defendants. Additionally, Released Bond/Notes Claims do not include claims relating to the enforcement of the Settlements and do not include any claims against any Underwriter Defendant that does not provide to Lead Bond/Notes Counsel a signed Underwriter Defendant Release by the date that is five (5) business days prior to the date of the Settlement Hearing.

(qq) “Released Claims” means all Released Bond/Notes Claims and all Released Defendant Persons’ Claims.

(rr) “Released Defendant Persons” means all Wachovia Releasees and all KPMG Releasees.

(ss) “Released Defendant Persons’ Claims” means all Released KPMG Defendant Persons’ Claims and all Released Wachovia Defendant Persons’ Claims.

(tt) “Released Defendants” means the Settling Defendants and the Underwriter Defendants who provide a signed Underwriter Defendant Release by the date that is

five (5) business days prior to the date of the Settlement Hearing, but specifically does not include any Non-Settling Defendants.

(uu) “Released KPMG Defendant Persons’ Claims” means any and all claims and any and all causes of action of every nature and description, including both known claims and Unknown Claims, whether based on federal, state, local or foreign statutory law or common law, rule or regulation, whether fixed or contingent, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, existing now or to be created in the future, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims by Lead Bond/Notes Plaintiffs, the Settlement Class and their counsel, including Lead Bond/Notes Counsel, against KPMG and the other KPMG Releasees, except for claims relating to the enforcement of the Settlement.

(vv) “Released Wachovia Defendant Persons’ Claims” means any and all claims and any and all causes of action of every nature and description, including both known claims and Unknown Claims, whether based on federal, state, local or foreign statutory law or common law, rule or regulation, whether fixed or contingent, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, existing now or to be created in the future, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims by Lead Bond/Notes Plaintiffs, the Settlement Class and their counsel, including Lead Bond/Notes Counsel, against the Wachovia Defendants and the other Wachovia Releasees, except for claims relating to the enforcement of the Settlement.

(ww) “Releasee(s)” means each and any of the Wachovia Releasees, the KPMG Releasees and the Bond/Notes Plaintiff-Related Releasees.

(xx) “Section 16 Officers” means all persons covered by the definition of “officer” under Rule 16a-1(f) of the Securities Exchange Act of 1934.

(yy) “Settlements” refers collectively to the Wachovia Settlement and the KPMG Settlement, as embodied in this Stipulation.

(zz) “Settlement Class” means all Persons who purchased or otherwise acquired Bond Class Securities during the Settlement Class Period, and were damaged thereby. Excluded from the Settlement Class are all Defendants in the Action and their respective current or former Section 16 Officers, directors, partners, Immediate Family members, affiliates, legal representatives, heirs, successors or assigns, and any entity in which any Defendant has or had a controlling interest, and any Person who has entered into a tolling agreement in connection with this Action and his, her or its respective current or former Section 16 Officers, directors, partners, Immediate Family members, affiliates, legal representatives, heirs, successors or assigns, and any entity in which any such Person has or had a controlling interest, provided that any Investment Vehicle (as defined herein) shall not be deemed an excluded Person by definition. Also excluded from the Settlement Class are any Persons who exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in the Notice.

(aaa) “Settlement Class Member” means a Person that is a member of the Settlement Class and does not exclude himself, herself or itself by submitting a request for exclusion in accordance with the requirements set forth in the Notice.

(bbb) “Settlement Class Period” means the time period from the first date on which any of the Bond Class Securities were offered through and including February 27, 2009.

(ccc) “Settlement Fund” means the Total Settlement Amount plus any and all interest earned thereon.

(ddd) “Settlement Hearing” means the hearing set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlements.

(eee) “Settling Defendants” means the Wachovia Defendants and KPMG.

(fff) “Settling Defendants’ Counsel” means the law firms of Fried, Frank, Harris, Shriver & Jacobson LLP (on behalf of the Wachovia Defendants) and Williams & Connolly LLP (on behalf of KPMG).

(ggg) “Settling Parties” means the Settling Defendants and Lead Bond/Notes Plaintiffs, on behalf of themselves and the Settlement Class Members.

(hhh) “Summary Notice” means the Summary Notice of (I) Pendency of Class Action; (II) Proposed Settlements and Plan of Allocation; (III) Settlement Fairness Hearing; and (IV) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 3 to Exhibit A, to be published as set forth in the Preliminary Approval Order.

(iii) “Taxes” means: (i) all federal, state and/or local taxes (including any interest or penalties thereon) of any kind on any income earned by the Settlement Fund; and (ii) the reasonable expenses and costs incurred by Lead Bond/Notes Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, reasonable expenses of tax attorneys and accountants).

(jjj) “Total Settlement Amount” means the Wachovia Settlement Amount and the KPMG Settlement Amount.

(kkk) “Underwriter Defendants” means Banc of America Securities LLC, Barclays Capital Inc., BB&T Capital Markets, Citigroup Global Markets, Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Guzman & Company, Jackson Securities, LLC, Loop Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co., Incorporated, M.R. Beal & Company, Muriel Siebert & Co., Inc., Samuel A. Ramirez & Company, Inc., Sandler O’Neill & Partners, L.P., UBS Securities LLC, The Williams Capital Group, L.P., ABN AMRO Inc., Bank of America Corp. (as successor-in-interest to Countrywide Securities Corp.), B.C. Ziegler and Company, Bear, Stearns & Co., Inc., BNP Paribas Securities Corp., Cabrera Capital Markets, LLC, CastleOak Securities, L.P., Charles Schwab & Co., Inc., C.L. King & Associates, Inc., Comerica Securities, Inc., Countrywide Securities Corp., D.A. Davidson & Co., Davenport & Company LLC, E*TRADE Securities LLC, Ferris, Baker Watts, Inc. (n/k/a RBC Capital Markets Corporation), Fidelity Capital Markets Services (a division of National Financial Services LLC), Fifth Third Securities, Inc., Fixed Income Securities, L.P., FTN Financial Securities Corp., Greenwich Capital Markets, Inc., Howe Barnes Hofer & Arnett, Inc., H&R Block Financial Advisors, Inc. (n/k/a Ameriprise Advisor Services, Inc.), HSBC Securities (USA) Inc., Janney Montgomery Scott LLC, J.B. Hanauer & Co, Jefferies & Company, Inc., J.J.B. Hilliard, W.L. Lyons, Inc., JPMorgan Chase (as successor-in-interest to Bear, Stearns & Co., Inc.), J.P. Morgan Securities LLC f/k/a J.P. Morgan Securities Inc. (as successor-in-interest to Bear, Stearns & Co., Inc.), JVB Financial Group, LLC, Keefe, Bruyette & Woods, Inc., KeyBanc Capital Markets Inc., Mesirow Financial, Inc., Morgan Keegan & Company, Inc., NatCity Investments, Inc., Oppenheimer & Co. Inc., PNC Investments, LLC (as successor in interest to NatCity Investments, Inc.), Pershing LLC, Piper Jaffray & Co., Popular Securities, Inc., RBC Capital

Markets Corporation, RBC Dain Rauscher Inc. (n/k/a RBC Capital Markets Corporation), Raymond James & Associates, Inc., Robert W. Baird & Co. Inc., Ross, Sinclair & Associates, LLC, Ryan Beck & Co., Inc., Sterne, Agee & Leach, Inc., Stifel, Nicolaus & Company, Inc., SunTrust Capital Markets, Inc. (n/k/a SunTrust Robinson Humphrey, Inc.), TD Ameritrade, Inc., Toussaint Capital Partners, LLC, Utendahl Capital Partners, L.P., Wedbush Morgan Securities Inc., and William Blair & Company, LLC.

(lll) “Underwriter Defendant Release” means a release of claims by an Underwriter Defendant of any and all of its claims against Bond/Notes Plaintiffs, the other Settlement Class Members and their respective attorneys that is equivalent in scope to the Releases being provided by the Settling Defendants pursuant to this Stipulation.

(mmm) “Unknown Claims” means any Released Bond/Notes Claims which Lead Bond/Notes Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Persons, and any Released Defendant Persons’ Claims which any Released Defendant Person does not know or suspect to exist in his, her, or its favor at the time of the release of the Bond/Notes Plaintiff-Related Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the applicable Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that,

(i) upon the Effective Date as to the Wachovia Settlement, Lead Bond/Notes Plaintiffs and each of the Wachovia Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Wachovia Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, and

(ii) upon the Effective Date as to the KPMG Settlement, Lead Bond/Notes Plaintiffs and each of the KPMG shall expressly waive, and each of the other Settlement Class Members and each of the other KPMG Releasees, shall be deemed to have waived, and by operation of the Judgment shall have expressly waived,

any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Bond/Notes Plaintiffs and each of the Wachovia Defendants acknowledge, and each of the other Settlement Class Members and each of the other Wachovia Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Wachovia Settlement; and Lead Bond/Notes Plaintiffs and KPMG acknowledge, and each of the other Settlement Class Members and each of the other KPMG Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the KPMG Settlement.

(nnn) “Wachovia” means Wachovia Corporation.

(ooo) “Wachovia Capital Trusts” means Wachovia Capital Trust IV, Wachovia Capital Trust IX, and Wachovia Capital Trust X.

(ppp) “Wachovia Defendants” means Wachovia, the Wachovia Capital Trusts, Wachovia Capital Markets, LLC, Wells Fargo Securities, LLC, A.G. Edwards & Sons, Wells Fargo, and the Individual Defendants.

(qqq) “Wachovia Releasees” means the Wachovia Defendants and the Underwriter Defendants, their respective present and former direct and/or indirect parents, subsidiaries, divisions and affiliates and their respective present and former employees, members, partners, principals, Section 16 Officers, directors, agents, attorneys, advisors, administrators, representatives, accountants, auditors, insurers, and agents; the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, and assigns of each of them, in their capacity as such; and any firm, trust, corporation or other entity in which any Wachovia Defendant or Underwriter Defendant has or had a controlling interest, and the Immediate Family members of the Individual Defendants. The term Wachovia Releasees, however, shall not include any Underwriter Defendant which does not provide to Lead Bond/Notes Counsel a signed Underwriter Defendant Release by the date that is five (5) business days prior to the date of the Settlement Hearing; in such cases, any such Underwriter Defendant(s) and their respective related Persons shall not be a Wachovia Releasee under the terms of this Stipulation or otherwise be entitled to any of the rights and benefits of this Stipulation, including, without limitation, the Releases provided for herein. In addition, and notwithstanding the foregoing, Wachovia Releasees also do not include any of the KPMG Releasees.

(rrr) “Wachovia Settlement” means the settlement between Lead Bond/Notes Plaintiffs and the Wachovia Defendants on the terms and conditions set forth in this Stipulation.

(sss) “Wachovia Settlement Amount” means Five Hundred and Ninety Million Dollars (\$590,000,000) in cash to be paid by or on behalf of the Wachovia Defendants.

(ttt) “Wells Fargo” means Wells Fargo & Company.

II. CLASS CERTIFICATION

2. Solely for purposes of the Settlements and for no other purpose, each of the Settling Parties stipulates and agrees to: (a) certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class; (b) certification of Lead Bond/Notes Plaintiffs and, if requested by Lead Bond/Notes Plaintiffs, one or more of the other Bond/Notes Plaintiffs as class representatives on behalf of the Settlement Class; and (c) appointment of Lead Bond/Notes Counsel as co-lead counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

III. PRELIMINARY APPROVAL OF SETTLEMENTS

3. Lead Bond/Notes Plaintiffs will move for preliminary approval of the Settlements and certification of the Settlement Class for settlement purposes only, which motion shall be unopposed by the Settling Defendants. Concurrently with the motion for preliminary Court approval, Lead Bond/Notes Plaintiffs shall apply to the Court for, and the Settling Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

IV. RELEASE OF CLAIMS

4. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action as against the Released Defendant Persons and shall fully, finally and forever compromise, settle, release, resolve, relinquish, waive, discharge and dismiss, on the merits and with prejudice, the Action and any and all Released Claims (a) against the Wachovia Releasees and the Bond/Notes Plaintiff-Related Releasees in the event the Wachovia Settlement is approved, and (b) against the KPMG Releasees and the Bond/Notes Plaintiff-Related Releasees in the event the KPMG Settlement is approved. This Stipulation does not release any claims of Lead Bond/Notes Plaintiffs and the other members of the Settlement Class against any

Non-Settling Defendant(s) or the claims of any Non-Settling Defendant(s) against the Bond/Notes Plaintiff-Related Releasees.

5. Pursuant to the Judgment, without further action by anyone, and subject to ¶ 9 below, upon the Effective Date as to the Wachovia Settlement, Lead Bond/Notes Plaintiffs, Additional Bond/Notes Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates and assigns, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived, discharged and dismissed each and every Released Bond/Notes Claim against the Wachovia Defendants and all other Wachovia Releasees (other than any Underwriter Defendant who does not provide to Lead Bond/Notes Counsel a signed Underwriter Defendant Release by the date that is five business days prior to the date of the Settlement Hearing), and shall forever be enjoined from prosecuting any or all of the Released Bond/Notes Claims against any Wachovia Releasees (other than any Underwriter Defendant who does not provide to Lead Bond/Notes Counsel a signed Underwriter Defendant Release by the date that is five business days prior to the date of the Settlement Hearing). This release shall not apply to any Person who validly opts-out of the Settlement Class and nothing herein shall preclude any Person from opting out of the Settlement Class.

6. Pursuant to the Judgment, without further action by anyone, and subject to ¶ 9 below, upon the Effective Date as to the Wachovia Settlement, each of the Wachovia Defendants and each of the other Wachovia Releasees (other than any Underwriter Defendant who does not provide to Lead Bond/Notes Counsel a signed Underwriter Defendant Release by the date that is five business days prior to the date of the Settlement Hearing), on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates and assigns, shall be deemed

to have, and by operation of law and of the Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived, discharged and dismissed each and every of the Released Wachovia Defendant Persons' Claims against all of the Bond/Notes Plaintiff-Related Releasees and shall forever be enjoined from prosecuting any or all of the Released Wachovia Defendant Persons' Claims against any of the Bond/Notes Plaintiff-Related Releasees. This release shall not apply to any Person who validly opts-out of the Settlement Class and nothing herein shall preclude any Person from opting out of the Settlement Class.

7. Pursuant to the Judgment, without further action by anyone, and subject to ¶ 9 below, upon the Effective Date as to the KPMG Settlement, Lead Bond/Notes Plaintiffs, Additional Bond/Notes Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates and assigns, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived, discharged and dismissed each and every Released Bond/Notes Claim against KPMG and all other KPMG Releasees, and shall forever be enjoined from prosecuting any or all of the Released Bond/Notes Claims against any KPMG Releasees. This release shall not apply to any Person who validly opts-out of the Settlement Class and nothing herein shall preclude any Person from opting out of the Settlement Class.

8. Pursuant to the Judgment, without further action by anyone, and subject to ¶ 9 below, upon the Effective Date as to the KPMG Settlement, KPMG and each of the other KPMG Releasees, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates and assigns, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally and forever compromised, settled, released, resolved,

relinquished, waived, discharged and dismissed each and every of the Released KPMG Defendant Persons' Claims against all of the Bond/Notes Plaintiff-Related Releasees and shall forever be enjoined from prosecuting any or all of the Released KPMG Defendant Persons' Claims against any of the Bond/Notes Plaintiff-Related Releasees. This release shall not apply to any Person who validly opts-out of the Settlement Class and nothing herein shall preclude any Person from opting out of the Settlement Class.

9. Notwithstanding ¶¶ 5-8 above, nothing in the Judgment shall bar any action by any of the Settling Parties to enforce or effectuate the terms of this Stipulation or the Judgment.

10. The releases and waivers contained in this section were separately bargained for and are essential elements of each Settlement as embodied in this Stipulation.

11. The Settling Parties will seek to obtain from the Court a Judgment as further described in ¶ 34 below, to be entered simultaneously with or promptly after approval of the Settlements as embodied in this Stipulation. In the event that the Court should approve only one Settlement but not the other, the Settling Parties shall cooperate in seeking prompt entry of a judgment under Rule 54(b) that is substantially in the form of the Judgment as further described in ¶ 34 below with respect to the parties to the Settlement that the Court does approve.

V. THE SETTLEMENT CONSIDERATION

12. (a) In consideration of the full and complete settlement of the Released Bond/Notes Claims against the Wachovia Defendants and the other Wachovia Releasees, the Wachovia Defendants are jointly and severally obligated to pay or cause to be paid the Wachovia Settlement Amount into the Escrow Account no later than ten (10) business days after the Court enters an order preliminarily approving the Wachovia Settlement, and (b) in consideration of the full and complete settlement of the Released Bond/Notes Claims against KPMG and the other

KPMG Releasees, KPMG is obligated to pay or cause to be paid the KPMG Settlement Amount into the Escrow Account no later than ten (10) business days after the Court enters an order preliminarily approving the KPMG Settlement.

VI. USE OF SETTLEMENT FUND

13. The Settlement Fund shall be used to pay: (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court; and (d) any attorneys' fees awarded by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided in ¶¶ 23-33 below. In no event shall the Settling Defendants or any other Released Defendant Person bear any further or additional responsibility for any such costs or expenses beyond the Settling Defendants' payments of their respective contributions to the Total Settlement Amount.

14. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow Account in United States Treasury Bills (or a mutual fund invested solely in such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances of less than \$250,000.00 may be invested in money market mutual funds comprised exclusively of investments secured by the full faith and credit of the United States. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in a non-interest bearing account that is fully insured by the FDIC.

15. The Settling Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Lead Bond/Notes Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Such returns shall be consistent with this paragraph and in all events shall reflect that all taxes on the income earned on the Settlement Fund shall be paid out of the Settlement Fund as provided below. Lead Bond/Notes Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes (including any interest or penalties) owed with respect to the Settlement Fund. The Released Defendant Persons shall not have any liability or responsibility for any such Taxes (including any interest or penalties). Upon written request, Settling Defendants will provide to Lead Bond/Notes Counsel the statement described in Treasury Regulation § 1.468B-3(e). Lead Bond/Notes Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a “relation back election,” as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

16. All Taxes (including any interest or penalties) shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without prior order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent

with the previous paragraph and in all events shall reflect that all Taxes (including any interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. The Released Defendant Persons shall have no responsibility or liability for the acts or omissions of Lead Bond/Notes Counsel or their agents, as described herein.

17. Neither the Wachovia Settlement nor the KPMG Settlement is a claims-made settlement. Upon the occurrence of the Effective Date, neither the Settling Defendants, their Insurers, nor any other Person who or which paid any portion of the Total Settlement Amount on their behalves, shall have any right to the return of the Settlement Fund or any portion thereof irrespective of any reason, including without limitation, the number of Proofs of Claim filed, the collective amount of Recognized Losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

18. The Claims Administrator shall discharge its duties under Lead Bond/Notes Counsel's supervision and subject to the jurisdiction of the Court. Except as otherwise provided herein, the Released Defendant Persons shall have no responsibility whatsoever for the administration of either the Wachovia Settlement or the KPMG Settlement, and shall have no liability whatsoever to any Person, including, but not limited to, the Settlement Class Members, in connection with any such administration. Lead Bond/Notes Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim to those members of the Settlement Class at the address of each such Person as set forth in the records of Wachovia or its transfer agent(s), or who otherwise may be identified through further reasonable effort. Lead Bond/Notes Counsel will cause to be published the Summary Notice pursuant to the terms of the Preliminary Approval Order or whatever other form or manner might be ordered by the Court. For the purpose of identifying and providing notice to the Settlement Class, within seven (7) business

days of the date of entry of the Preliminary Approval Order, Wachovia shall provide or cause to be provided to the Claims Administrator (at no cost to the Settlement Fund, Bond/Notes Plaintiffs, Bond/Notes Plaintiffs' Counsel or the Claims Administrator) its security holder list (consisting of security holder names and addresses), in electronic form.

19. Lead Bond/Notes Counsel may pay from the Settlement Fund, without further approval from the Settling Defendants or further order of the Court, all Notice and Administration Costs actually incurred. Such costs and expenses shall include, without limitation, the actual costs of publication, printing and mailing the Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and processing the submitted claims, and the fees, if any, of the Escrow Agent. In the event that either or both of the Settlements are terminated pursuant to the terms of this Stipulation (including the Supplemental Agreements), all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to the Settling Defendants, their Insurers, or to any other Person who or which paid any portion of the Total Settlement Amount on their behalves.

VII. ATTORNEYS' FEES AND LITIGATION EXPENSES

20. Lead Bond/Notes Counsel will apply to the Court for a collective award of attorneys' fees to Bond/Notes Plaintiffs' Counsel to be paid from (and out of) the Settlement Fund. Lead Bond/Notes Counsel also will apply to the Court for reimbursement of Litigation Expenses to be paid from (and out of) the Settlement Fund. Lead Bond/Notes Counsel's application for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Settling Defendants and Lead Bond/Notes Plaintiffs other than what is set forth in this Stipulation.

21. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Lead Bond/Notes Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on either or both of the Settlements or any part thereof, subject to Lead Bond/Notes Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if either or both of the Settlements is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed. Lead Bond/Notes Counsel shall make the appropriate refund or repayment in full no later than thirty (30) days after receiving from applicable Settling Defendants' Counsel or from a court of appropriate jurisdiction notice of the termination of the relevant Settlement(s) or notice of any reduction of the award of attorneys' fees and/or Litigation Expenses. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of either Settlement embodied herein. Neither Lead Bond/Notes Plaintiffs nor Lead Bond/Notes Counsel may cancel or terminate either the Wachovia Settlement or the KPMG Settlement (or the Stipulation as to either the Wachovia Defendants or KPMG) based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses.

22. Lead Bond/Notes Counsel shall allocate the attorneys' fees awarded amongst Bond/Notes Plaintiffs' Counsel in a manner which they, in good faith, believes reflects the contributions of such counsel to the institution, prosecution and settlement of the Action.

VIII. CLAIMS ADMINISTRATOR

23. The Claims Administrator shall administer the process of receiving, reviewing and approving or denying Claims under Lead Bond/Notes Counsel's supervision and subject to

the jurisdiction of the Court. Other than the obligation to assist and cooperate in obtaining Wachovia's transfer records, as provided herein, none of the Settling Defendants, nor any other Released Defendant Persons, shall have any responsibility whatsoever for the administration of the Settlements or the claims process and shall have no liability whatsoever to any Person, including, but not limited to, Lead Bond/Notes Plaintiffs, any other Settlement Class Members or Lead Bond/Notes Counsel in connection with such administration. Settling Defendants' Counsel shall cooperate in the administration of the Settlements to the extent reasonably necessary to effectuate their terms.

24. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss compared to the total Recognized Losses of all Authorized Claimants (as set forth in the Plan of Allocation set forth in the Notice attached hereto as Exhibit 1 to Exhibit A, or in such other plan of allocation as the Court approves).

25. The Plan of Allocation proposed in the Notice is not a necessary term of either Settlement or of this Stipulation, and it is not a condition of either Settlement or this Stipulation that any particular plan of allocation be approved by the Court. Lead Bond/Notes Plaintiffs and Lead Bond/Notes Counsel may not cancel or terminate either Settlement (or the Stipulation as to either Settlement) based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in this Action. No Settling Defendant, nor any other Released Defendant Person, shall have any involvement in or responsibility or liability whatsoever for the Plan of Allocation or the allocation of the Net Settlement Fund.

26. Any Settlement Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation, including the terms of the Judgment or Alternative Judgment, if applicable, to be entered in the Action and the applicable Releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Wachovia Releasees and/or the KPMG Releasees, as applicable, asserting any Released Bond/Notes Claim in the event that the Effective Date occurs with respect to the Wachovia Settlement and/or KPMG Settlements, respectively.

27. Lead Bond/Notes Counsel shall be responsible for supervising the administration of the Settlements and disbursement of the Net Settlement Fund. No Settling Defendant, nor any other Released Defendant Person, shall have any liability, obligation or responsibility whatsoever for the administration of either of the Settlements or disbursement of the Net Settlement Fund. No Settling Defendant, nor any other Released Defendant Person, shall be permitted to review, contest or object to any Claim Form, or any decision of the Claims Administrator or Lead Bond/Notes Counsel with respect to accepting or rejecting any Claim for payment by a Settlement Class Member. Lead Bond/Notes Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

28. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Settlement Class Member shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents

as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Claims Administrator or Lead Bond/Notes Counsel, in their discretion, may deem acceptable;

(b) All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice. Any Settlement Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation, but shall in all other respects be bound by all of the terms of this Stipulation and the Settlements, including the terms of the Judgment or Alternative Judgment, if applicable, and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Defendant Person concerning any Released Bond/Notes Claim. Provided that it is mailed by the claim-filing deadline, a Claim Form shall be deemed to be submitted when postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted on the date when actually received by the Claims Administrator;

(c) Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Bond/Notes Counsel, who shall determine in accordance with this Stipulation and the plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below as necessary;

(d) Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any

curable deficiencies in the Claim Form submitted. The Claims Administrator, under supervision of Lead Bond/Notes Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below;

(e) If any Claimant whose Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Bond/Notes Counsel shall thereafter present the request for review to the Court; and

(f) Notwithstanding any of the foregoing, Lead Bond/Notes Counsel may accept late submitted Claims for processing so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby.

29. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or of either of the Settlements in connection with the processing of Claim Forms.

30. Payment pursuant to the Stipulation and the plan of allocation shall be final and conclusive against all Settlement Class Members. All Settlement Class Members whose Claims are not approved for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Wachovia Settlement and the KPMG Settlement (or the relevant Settlement, if only one such Settlement is approved) as embodied in this Stipulation, including the terms of the Judgment or Alternative Judgment, if applicable, to be entered in this Action and the applicable Releases provided for therein, and will be permanently barred and enjoined from bringing any action against any and all Wachovia Releasees concerning any and all of the Released Bond/Notes Claims if the Wachovia Settlement is approved, and will be permanently barred and enjoined from bringing any action against any and all KPMG Releasees concerning any and all of the Released Bond/Notes Claims if the KPMG Settlement is approved.

31. No Person shall have any claim against Bond/Notes Plaintiffs, Bond/Notes Plaintiffs' Counsel, the Claims Administrator or any other agent designated by Lead Bond/Notes Counsel, or the Released Defendant Persons and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation, or any order of the Court. Bond/Notes Plaintiffs and the Settling Defendants, and their respective counsel, and Lead Bond/Notes Plaintiffs' damages expert and all other Released Defendant Persons shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

32. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court.

33. The Net Settlement Fund shall be distributed to Authorized Claimants only after the Effective Date.

IX. TERMS OF THE JUDGMENT

34. If both the Wachovia Settlement and the KPMG Settlement embodied in this Stipulation are approved by the Court, Lead Bond/Notes Counsel and Settling Defendants' Counsel shall request that the Court enter a Judgment, substantially in the form annexed hereto as Exhibit B which shall, among other things, contain a provision providing for a Complete Bar Order in the Action, as follows in subparagraphs (a) – (e):

(a) Any and all Persons are permanently barred, enjoined and restrained, to the fullest extent permitted by applicable law, from commencing, prosecuting or asserting any claim for indemnity or contribution against any Released Defendant Person (or any other claim against any Released Defendant Person where the alleged injury to such Person is that Person's actual or threatened liability to the Settlement Class or a Settlement Class Member in the Action), based upon, arising out of or related to the Released Bond/Notes Claims, whether arising under state, federal or foreign law, as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Action, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere. However, with respect to any judgment that the Settlement Class or a Settlement Class Member may obtain against such Person based upon, arising out of or relating to any Released Bond/Notes Claim belonging to the

Settlement Class or a Settlement Class Member, that Person shall be entitled to a credit of the greater of (i) an amount that corresponds to the percentage of responsibility of the Settling Defendants for the loss to the Settlement Class or the Settlement Class Member or (ii) the amount paid by or on behalf of the Settling Defendants to the Settlement Class or the Settlement Class Member for common damages.

(b) Except as provided in ¶ 36 below, each and every Released Defendant Person is hereby permanently barred, enjoined and restrained, to the fullest extent permitted by applicable law, from commencing, prosecuting or asserting any claim for indemnity or contribution against any Person other than a Person whose liability to the Settlement Class has been extinguished by the Settlement (or any other claim against any such Person where the alleged injury to such Released Defendant Person is that Released Defendant Person's actual or threatened liability to the Settlement Class or a Settlement Class Member in the Action), based upon, arising out of or related to the Released Bond/Notes Claims, whether arising under state, federal, or foreign law, as claims, cross claims, counterclaims, or third-party claims, whether asserted in the Action, in this Court, in any other federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere.

(c) Nothing in this Complete Bar Order shall prevent a putative Settlement Member who validly requested an exclusion from the Settlement Class from pursuing any Released Bond/Notes Claim against any Released Defendant Person. If any putative Settlement Class Member who validly requests exclusion from the Settlement Class pursues any such Released Bond/Notes Claim against any Released Defendant Person, nothing in this Complete Bar Order or in this Stipulation shall operate to preclude such Released

Defendant Person from asserting any claim of any kind against such putative Settlement Class Member (or seeking contribution or indemnity from any Person, including any co-defendant in the Action, in respect of the claim of such putative Settlement Class Member who validly requests exclusion from the Settlement Class).

(d) Notwithstanding anything to the contrary in this Complete Bar Order, in the event that any Person (for purposes of this provision, a “petitioner”) commences against any of the Released Defendant Persons any action asserting a claim that is based upon, arises out of, or relates to any Released Bond/Notes Claim belonging to the Settlement Class or a Settlement Class Member and such claim is not barred by a court pursuant to ¶ 34 or is not otherwise barred by the Complete Bar Order, the Complete Bar Order shall not bar claims by that Released Defendant Person against (i) such petitioner; (ii) any Person who is or was controlled by, controlling or under common control with the petitioner, or whose assets or estate are or were controlled, represented or administered by the petitioner, or as to whose claims the petitioner has succeeded; and (iii) any Person that participated with any of the Persons described in items (i) and (ii) of this provision in connection with the conduct, transactions or occurrences that are the subject of the claim brought against the Released Defendant Person(s), or any Person that was involved in the issues and damages alleged by the petitioner. Nothing in this paragraph shall be deemed to create a claim or cause of action against a petitioner or any other Person described in this paragraph.

(e) Nothing in this Complete Bar Order alters the rights between and among the Wachovia Defendants and the Underwriter Defendants under the terms of any written agreements governing the underwritings and the underwriting syndicates involved in the Action, as to which claims are not barred, released or discharged. Under this Complete Bar

Order, barred claims do not include any claims for contribution or indemnity arising under the underwriting agreements relating to the offerings of Bond Class Securities or any other claims for contribution or indemnity between and among the Underwriter Defendants and Wachovia.

If any provision of this Complete Bar Order is subsequently held to be unenforceable or modified, the parties shall propose to the Court alternative terms so as to afford all of the Released Defendant Persons the fullest protection permitted by law and consistent with the Court's view.

35. The Settling Parties agree that the terms of this Stipulation shall be satisfied if either (a) the Complete Bar Order set forth in ¶ 34 above, or (b) a bar order to the fullest extent allowable under the Private Securities Litigation Reform Act of 1995, is included in the Judgment (or in the Alternative Judgment, if applicable) that is entered by the Court. Should the Court enter a bar order other than that referenced in (a) or (b) of the preceding sentence (or if a bar order referenced in (a) or (b) of the preceding sentence is entered but its terms are modified on appeal, or is vacated on appeal and not subsequently reinstated), and if a dispute arises as to whether the failure to obtain entry of a bar order referenced in (a) or (b) of the preceding sentence provides a basis for the Wachovia Defendants or KPMG to terminate their respective Settlements, then the relevant parties shall submit the dispute to Judge Weinstein (ret.) to determine in accordance with the terms of the relevant Supplemental Agreement (as defined in ¶ 46 below).

36. Notwithstanding anything in ¶ 34 above, nothing in this Stipulation or in ¶ 34 above shall operate to (a) preclude the Settling Defendants from asserting any claims against their own insurers; or (b) preclude the Settling Defendants or any other Person from asserting

any claims, including claims for contribution or indemnity, against any Person, including any co-defendants in this Action, in connection with or arising out of the following actions: (i) *In re Wachovia Equity Securities Litigation*, No. 08 Civ. 6171 (S.D.N.Y.) (RJS); (ii) *Stichting Pensioenfond ABP, et al. v. Wachovia Corporation, et al.*, No. 09 Civ. 04473 (S.D.N.Y.) (RJS); and (iii) *FC Holdings AB, et al. v. Wells Fargo & Co., et al.*, No. 09 Civ. 5466 (S.D.N.Y.) (RJS).

37. In the event that the Court approves only one of the Settlements, then the provisions under the heading “Conditions of Each Settlement; Effect of Disapproval, Cancellation or Termination,” below, shall apply.

X. DUE DILIGENCE

38. Each Settlement is subject to the completion of reasonable due diligence by Lead Bond/Notes Plaintiffs with respect to that Settlement. Among other things, the due diligence (which has been and shall continue to be subject to the terms of the Confidentiality Stipulation and Order entered by the Court on May 4, 2011 and the Supplemental Stipulation and Order entered by the Court on July 8, 2011) shall include the completion of the production of documents by the Settling Defendants and the completion of interviews of certain of their personnel regarding the allegations and claims asserted in the Amended Bond/Notes Complaint. The due diligence has been and shall continue to be for the purpose of assessing the reasonableness and adequacy of each Settlement, the scope and timing of which (to the extent not already agreed) shall be reasonable and mutually agreed upon by the Settling Parties. Any disputes over the scope and timing of said due diligence shall be resolved by Judge Daniel Weinstein (ret.), who shall have full authority to make binding determinations on such matters. Lead Bond/Notes Plaintiffs, by and through Lead Bond/Notes Counsel, shall have the right to withdraw from either of the proposed Settlements at any time prior to filing their motion for final approval of the proposed Settlements if, in their good faith discretion, they determine that

information produced during the due diligence renders either proposed Settlement unfair, unreasonable and inadequate, provided, however, that any issue warranting withdrawal from the proposed Settlement as to one of the Settling Defendants shall not, in and of itself, warrant withdrawal from the proposed Settlement as to the other Settling Defendant. In the event of such withdrawal, Lead Bond/Notes Counsel shall provide written notice to the applicable Settling Defendants in advance of the date on which their motion for final approval of the Settlements is due to be filed and the termination provisions set forth below shall apply, unless otherwise agreed to by the applicable Settling Parties.

**XI. CONDITIONS OF EACH SETTLEMENT; EFFECT OF DISAPPROVAL,
CANCELLATION OR TERMINATION**

39. The Wachovia Settlement (as set forth in this Stipulation) and the KPMG Settlement (as set forth in this Stipulation) were negotiated separately and independently from each other, and either Settlement shall proceed separately if one settlement is terminated for reasons that do not affect the other settlement as set forth herein. Notwithstanding the foregoing, it is the mutual intent of the Settling Parties that each proposed Settlement be considered and administered together for notice, opt-out and preliminary and final approval purposes.

40. If both the Wachovia Settlement and the KPMG Settlement proceed, the Effective Date of this Stipulation as to both Settlements shall be deemed to occur on the occurrence or waiver of all of the following events:

(a) the Wachovia Defendants and KPMG have fully paid, or caused to be fully paid, their respective contributions to the Total Settlement Amount as required above (however, non-payment by either the Wachovia Defendants or KPMG shall only cause the Effective Date as to the applicable Settlement not to occur, and the provisions of ¶¶ 42 or 43 shall be triggered as applicable);

(b) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A annexed hereto, as required by ¶ 3 above;

(c) the Wachovia Defendants have not exercised their option to terminate their participation in this Stipulation pursuant to the provisions of this Stipulation (including the Supplemental Agreement);

(d) KPMG has not exercised its option to terminate its participation in this Stipulation pursuant to the provisions of this Stipulation (including the Supplemental Agreement);

(e) Lead Bond/Notes Plaintiffs have not exercised their option to terminate their participation in this Stipulation pursuant to the provisions of this Stipulation;

(f) the Court has approved both the Wachovia and the KPMG Settlements as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered the Judgment, or a judgment substantially in the form and substance of Exhibit B hereto; and

(g) the Judgment has become Final, as defined above.

If all of the conditions to the Effective Date set forth above do not occur or are not waived, the Effective Date may occur with respect to either the Wachovia Settlement or the KPMG Settlement as set forth in ¶ 42(h) or ¶ 43(h) below.

41. Upon the occurrence of all of the events referenced in ¶ 40 above, any and all remaining interest or right of the Settling Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the releases herein shall be effective.

42. If (i) the Wachovia Defendants fail to pay or cause to be paid the Wachovia Settlement Amount in accordance with the provisions of ¶ 12 above or exercise their right to

terminate their participation in this Stipulation and Settlement as provided in this Stipulation; (ii) Lead Bond/Notes Plaintiffs exercise their right to terminate the Wachovia Settlement as provided in this Stipulation; (iii) the Court does not approve the Wachovia Settlement but does approve the KPMG Settlement; or (iv) the Effective Date as to the Wachovia Settlement otherwise fails to occur, then:

(a) The KPMG Settlement shall proceed as set forth in this Stipulation without further notice to the Settlement Class and the form of the Judgment shall be modified accordingly.

(b) The release of the Released Bond/Notes Claims shall be applicable and effective only with respect to KPMG and the other KPMG Releasees, and shall not be applicable or effective with respect to the Wachovia Defendants or the other Wachovia Releasees, and the release of the Released KPMG Defendant Persons' Claims shall remain applicable and effective with respect to the Bond/Notes Plaintiff-Related Releasees.

(c) Bond/Notes Plaintiffs, the Wachovia Defendants and the Underwriter Defendants shall be restored to their respective positions in the Action immediately prior to April 28, 2011.

(d) As used throughout this Stipulation (except with respect to ¶ 48 below), the defined terms "Settling Defendants" and "Settling Parties" shall not include the Wachovia Defendants; the defined terms "Released Defendant Persons" and "Releasee(s)" shall not include the Wachovia Releasees; the defined term "Released Defendant Persons' Claims" shall not include the Released Wachovia Defendant Persons' Claims; the defined term "Total Settlement Amount" shall mean the KPMG Settlement Amount only; and the defined term "Non-Settling Defendants" shall include all of the Wachovia Defendants and the Underwriter Defendants.

(e) The terms and provisions of this Stipulation, with the exception of ¶¶ 19, 42(a)-(i) and 48 herein, shall have no further force and effect with respect to the Wachovia Defendants and the other Wachovia Releasees (including the Underwriter Defendants) and shall not be used in the Action or in any other proceeding for any purpose with respect to the Wachovia Defendants and the other Wachovia Releasees (including the Underwriter Defendants).

(f) Any order entered by the Court in accordance with the terms of this Stipulation, including but not limited to the certification of the Settlement Class, shall be treated as vacated, *nunc pro tunc*, with respect to the Wachovia Defendants and the Underwriter Defendants only. In such case, neither this Stipulation nor any order of this Court certifying the Settlement Class will be binding on the Wachovia Defendants or the Underwriter Defendants, and those defendants may oppose and assert all objections to certification of any class or subclass sought by any party to the Action. In such an event, the Wachovia Defendants may not, however, object to the definition of the Settlement Class in the context of the KPMG Settlement (but the lack of objection in such context shall not be deemed or construed to be a waiver of any of their rights to object to class certification with respect to the non-settled portion of the Action).

(g) Unless otherwise agreed in writing between Lead Bond/Notes Counsel and counsel for the Wachovia Defendants, within fourteen (14) business days after joint written notification of the termination of the Wachovia Settlement is sent by counsel for the Wachovia Defendants and Lead Bond/Notes Counsel to the Escrow Agent, any payments to the Settlement Fund made by or on behalf of the Wachovia Defendants (including accrued interest thereon, net of applicable Taxes and less the Wachovia Defendants' portion of any Notice and

Administration Costs actually incurred and paid or payable) shall be refunded to the Wachovia Defendants and/or the insurers who made the payments, as applicable. In such event, the refunds to the Wachovia Defendants and each insurer shall include the *pro rata* share of interest accrued (net of applicable Taxes and less the Wachovia Defendants' portion of any Notice and Administration Costs actually incurred and paid or payable) on their respective payments to the Settlement Fund in accordance with instructions to be provided by the Wachovia Defendants' counsel.

(h) In this scenario, the Effective Date of the KPMG Settlement and of this Stipulation as to the KPMG Settlement shall be conditioned on the occurrence or waiver of all of the following events: (a) KPMG shall have fully paid, or caused to be fully paid, its contribution to the Settlement Fund as required at ¶ 12 above; (b) KPMG has not exercised its option to terminate the KPMG Settlement pursuant to the terms of this Stipulation; (c) Lead Bond/Notes Plaintiffs have not exercised their option to terminate their participation in this Stipulation pursuant to the terms of this Stipulation; (d) the Court has approved the KPMG Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered a Judgment in the form and substance acceptable to KPMG and Lead Bond/Notes Plaintiffs approving only the KPMG Settlement, dismissing only the claims asserted against KPMG, and releasing the Released Bond/Notes Claims against only KPMG and the other KPMG Releasees; and (e) the Judgment or Alternative Judgment, if applicable, has become Final, as defined above.

(i) Upon the occurrence of all of the events referenced in ¶ 42(h) above, any and all remaining interest or right of KPMG in or to the Settlement Fund, if any, shall be

absolutely and forever extinguished and the releases of KPMG and the other KPMG Releasees set forth herein shall be effective.

(j) Notwithstanding anything to the contrary set forth above, nothing herein shall be construed to limit or prejudice in any way any of Lead Bond/Notes Plaintiffs' rights to seek enforcement of the terms of the Wachovia Settlement, including their rights to enforce the terms of the Wachovia Settlement in the event that the Wachovia Defendants fail to pay, or to cause to be paid, the Wachovia Settlement Amount, including, specifically, rights to sue for breach of contract and for specific performance and/or to seek appropriate legal and/or equitable relief from the Court to enforce the Wachovia Settlement.

43. If (i) KPMG fails to pay or cause to be paid the KPMG Settlement Amount in accordance with the provisions of ¶ 12 above or exercises its right to terminate its participation in this Stipulation and Settlement as provided in this Stipulation; (ii) Lead Bond/Notes Plaintiffs exercise their right to terminate the KPMG Settlement as provided in this Stipulation; (iii) the Court does not approve the KPMG Settlement but does approve the Wachovia Settlement; or (iv) the Effective Date as to the KPMG Settlement otherwise fails to occur, then:

(a) The Wachovia Settlement shall proceed as set forth in this Stipulation without further notice to the Settlement Class and the form of the Judgment shall be modified accordingly.

(b) The Released Bond/Notes Claims shall be applicable only with respect to the Wachovia Defendants and the other Wachovia Releasees, and shall not be applicable with respect to KPMG or the other KPMG Releasees, and the Released Wachovia Defendant Persons' Claims shall remain applicable with respect to the Bond/Notes Plaintiff-Related Releasees.

(c) Bond/Notes Plaintiffs and KPMG shall be restored to their respective positions in the Action immediately prior to June 23, 2011.

(d) As used throughout this Stipulation (except with respect to ¶ 48 below), the defined terms “Settling Defendants” and “Settling Parties” shall not include KPMG; the defined terms “Released Defendant Persons” and “Releasee(s)” shall not include the KPMG Releasees; the defined term “Released Defendant Persons’ Claims” shall not include the Released KPMG Defendant Persons’ Claims; the defined term “Total Settlement Amount” shall mean the Wachovia Settlement Amount; and the defined term “Non-Settling Defendants” shall include KPMG.

(e) The terms and provisions of this Stipulation, with the exception of ¶¶ 19, 43(a)-(i) and ¶ 48 herein, shall have no further force and effect with respect to KPMG and the other KPMG Releasees and shall not be used in the Action or in any other proceeding for any purpose with respect to KPMG and the other KPMG Releasees.

(f) Any order entered by the Court in accordance with the terms of this Stipulation, including but not limited to the certification of the Settlement Class, shall be treated as vacated, *nunc pro tunc*, with respect to KPMG. In such case, neither this Stipulation nor any order of this Court certifying the Settlement Class will be binding on KPMG, and KPMG may oppose and assert all objections to certification of any class or subclass sought by any party to the Action. In such an event, KPMG may not, however, object to the definition of the Settlement Class in the context of the Wachovia Settlement (but the lack of objection in such context shall not be deemed or construed to be a waiver of any of its rights to object to class certification with respect to the non-settled portion of the Action).

(g) Unless otherwise agreed in writing between Lead Bond/Notes Counsel and counsel for KPMG, within fourteen (14) business days after joint written notification of the termination of the KPMG Settlement is sent by counsel for KPMG and Lead Bond/Notes Counsel to the Escrow Agent, any payment to the Settlement Fund made by or on behalf of KPMG (including accrued interest thereon, net of applicable Taxes and less KPMG's portion of any Notice and Administration Costs actually incurred and paid or payable) shall be refunded to KPMG and/or such other Persons who made the payments, as applicable, in accordance with instructions to be provided by KPMG's Counsel.

(h) In this scenario, the Effective Date of this Stipulation and the Wachovia Settlement shall be conditioned on the occurrence or waiver of all of the following events: (a) the Wachovia Defendants shall have fully paid, or caused to be fully paid, their contribution to the Settlement Fund as required at ¶ 12 above; (b) the Wachovia Defendants have not exercised their option to terminate their participation in the Wachovia Settlement pursuant to the terms of this Stipulation; (c) Lead Bond/Notes Plaintiffs have not exercised their option to terminate their participation in the Wachovia Settlement pursuant to the terms of this Stipulation; (d) the Court has approved the Wachovia Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered a Judgment in form and substance acceptable to the Wachovia Defendants and Lead Bond/Notes Plaintiffs approving only the Wachovia Settlement, dismissing only the claims asserted against the Wachovia Defendants and releasing the Released Bond/Notes Claims only against the Wachovia Defendants and the other Wachovia Releasees; and (e) the Judgment or Alternative Judgment, if applicable, has become Final, as defined above.

(i) Upon the occurrence of all of the events referenced in ¶ 43(h) above, any and all remaining interest or right of the Wachovia Defendants or their Insurers in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the releases of the Wachovia Defendants and the other Wachovia Releasees set forth herein shall be effective.

(j) Notwithstanding anything to the contrary set forth above, nothing herein shall be construed to limit or prejudice in any way any of Lead Bond/Notes Plaintiffs' rights to seek enforcement of the terms of the KPMG Settlement, including their rights to enforce the terms of the KPMG Settlement in the event that KPMG fails to pay, or to cause to be paid, the KPMG Settlement Amount, including, specifically, rights to sue for breach of contract and for specific performance and/or to seek appropriate legal and/or equitable relief from the Court to enforce the KPMG Settlement.

44. If (i) both the Wachovia Defendants and KPMG exercise their respective rights to terminate their participation in this Stipulation and their respective Settlements as provided in this Stipulation; (ii) Lead Bond/Notes Plaintiffs exercise their right to terminate their participation in this Stipulation and both the Wachovia Settlement and the KPMG Settlement as provided in this Stipulation; (iii) the Court disapproves both the Wachovia Settlement and the KPMG Settlement; or (iv) the Effective Date as to both Settlements otherwise fails to occur, then:

(a) The Wachovia Settlement and the relevant portions of this Stipulation shall be canceled and terminated except to the extent that Lead Bond/Notes Counsel and counsel for the Wachovia Defendants otherwise mutually agree in writing and the Court allows Lead Bond/Notes Plaintiffs and the Wachovia Defendants to proceed with the Wachovia Settlement; and the KPMG Settlement and the relevant portions of this Stipulation shall be canceled and

terminated except to the extent that Lead Bond/Notes Counsel and counsel for KPMG otherwise mutually agree in writing and the Court allows Lead Bond/Notes Plaintiffs and KPMG to proceed with the KPMG Settlement.

(b) Bond/Notes Plaintiffs, the Wachovia Defendants and the Underwriter Defendants shall be restored to their respective positions in the Action immediately prior to April 28, 2011, and nothing herein shall amend, alter, terminate or change any agreed or negotiated settlement amount, procedure or method for resolving this dispute which existed as to any Wachovia Defendant or Underwriter Defendant as of April 28, 2011; and Bond/Notes Plaintiffs and KPMG shall be restored to their respective positions in the Action immediately prior to June 23, 2011 and nothing herein shall amend, alter, terminate or change any agreed or negotiated settlement amount, procedure or method for resolving this dispute which existed as to KPMG as of June 23, 2011.

(c) The terms and provisions of this Stipulation, with the exception of ¶¶ 19, 42(f), 43(f), 44(a)-(d), and 48 herein, shall have no further force and effect with respect to the Settling Parties and shall not be used in the Action or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*, except to the extent as may be agreed pursuant to subparagraph (a) above.

(d) Within fourteen (14) business days after joint written notification of termination is sent by counsel for a Settling Defendant and Lead Bond/Notes Counsel to the Escrow Agent pursuant to the terms of the Escrow Agreement, the Settlement Fund (including accrued interest), less expenses and any costs which have either been disbursed, or are determined to be incurred and chargeable to Notice and Administration Costs and less any Taxes

paid or due or owing shall be refunded by the Escrow Agent to the Persons who funded the Settlement Fund in proportion to their funding.

45. It is further stipulated and agreed that (A) the Wachovia Defendants, provided they unanimously agree, and Lead Bond/Notes Plaintiffs, provided they unanimously agree, shall each have the right to terminate the Wachovia Settlement and this Stipulation as to the Wachovia Defendants, and (B) KPMG and the Lead Bond/Notes Plaintiffs, provided they unanimously agree, shall each have the right to terminate the KPMG Settlement and this Stipulation as to KPMG, by providing written notice of their election to do so (“Termination Notice”) to the other parties to this Stipulation within thirty (30) days of: (a) the Court’s declining to enter the Preliminary Approval Order in any material respect as to the relevant Settlement(s); (b) the Court’s refusal to approve the relevant Settlement(s) (or the relevant aspects of this Stipulation) or any material parts thereof; (c) the Court’s declining to enter the Judgment in any material respect as to the relevant Settlement(s); (d) the date upon which the Judgment as to the relevant Settlement(s) is modified or reversed in any material respect by the Court of Appeals or the Supreme Court; or (e) the date upon which an Alternative Judgment as to the relevant Settlement(s) is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. However, any decision with respect to an application for attorneys’ fees or Litigation Expenses, or with respect to any plan of allocation, shall not be considered material to either of the Settlements, shall not affect the finality of any Judgment or Alternative Judgment, and shall not be grounds for termination of either Settlement.

46. In addition to the grounds set forth in ¶ 45 above, (a) the Wachovia Defendants shall have the option to terminate the Wachovia Settlement in the event that Settlement Class Members requesting exclusion from the Settlement Class meet the conditions set forth in their

confidential supplemental agreement with Lead Bond/Notes Plaintiffs (the “Wachovia Supplemental Agreement”), in accordance with the terms of that agreement; and (b) KPMG shall have the option to terminate the KPMG Settlement in the event that Settlement Class Members requesting exclusion from the Settlement Class meet the conditions set forth in their confidential supplemental agreement with Lead Bond/Notes Plaintiffs (the “KPMG Supplemental Agreement”), in accordance with the terms of that agreement. The Wachovia Supplemental Agreement and the KPMG Supplemental Agreement (collectively, the Supplemental Agreements), each of which is being executed concurrently herewith, shall not be filed with the Court and their terms shall not be disclosed in any other manner (other than the statements herein and in the Notice) unless and until the Court otherwise directs or a dispute arises between Lead Bond/Notes Plaintiffs and the applicable Settling Defendants concerning their interpretation or application. If submission of the Supplemental Agreement(s) is required for resolution of a dispute or is otherwise ordered by the Court, the applicable Settling Parties will undertake to have the Supplemental Agreement(s) submitted to the Court *in camera*.

47. The Settling Parties intend and agree that any Settlement Class Members requesting exclusion from the Settlement Class shall be deemed to have opted out of both the Wachovia and KPMG Settlements, whether or not they so specify in their request for exclusion.

XII. NO ADMISSION OF WRONGDOING

48. Neither this Stipulation (whether or not consummated), nor its negotiation, nor and any proceedings taken pursuant to it:

(a) shall be offered against any of the Released Defendant Persons as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Released Defendant Persons with respect to the truth of any fact alleged by Lead Bond/Notes Plaintiffs and/or Additional Bond/Notes Plaintiffs or the validity of any

claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in this Action or in any litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Released Defendant Persons;

(b) shall be offered against any of the Released Defendant Persons as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any of the Released Defendant Persons, or by the Released Defendant Persons against Lead Bond/Notes Plaintiffs or any other Settlement Class Members as evidence of any infirmity in the claims of Lead Bond/Notes Plaintiffs or the other Settlement Class Members;

(c) shall be offered by Bond/Notes Plaintiffs against any of the Released Defendant Persons, or by the Released Defendant Persons against the Bond/Notes Plaintiffs or any other Settlement Class Members, as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Released Defendant Persons, or against the Bond/Notes Plaintiffs or any other Settlement Class Members in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, the Settling Defendants, any other Released Defendant Person, Bond/Notes Plaintiffs, the other Settlement Class Members and their respective counsel may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement;

(d) shall be construed by any of the Settling Parties against any of the Released Defendant Persons, Bond/Notes Plaintiffs or any other Settlement Class Members as an

admission, concession, or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) shall be construed by any of the Settling Parties against Bond/Notes Plaintiffs or any other Settlement Class Members as an admission, concession, or presumption that any of their claims are without merit, that any of the Released Defendant Persons had meritorious affirmative defenses, or that damages recoverable under the Amended Bond/Notes Complaint would not have exceeded the Total Settlement Amount or either of the Settlement Amounts.

49. This Stipulation and the Settlements (or the relevant portions thereof) may be plead as a full and complete defense to any action, suit or other proceeding that may be instituted, prosecuted, or attempted with respect to any of the Released Bond/Notes Claims. The Released Defendant Persons may offer the Stipulation or the Judgment from the Action in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any similar defense or counterclaim.

XIII. MISCELLANEOUS PROVISIONS

50. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the terms of the Stipulation shall prevail.

51. Each of the Settling Defendants warrants that, as to the payments made or to be made by or on behalf of him, her or it at the time of entering into this Stipulation and at the time of such payment that he, she or it made or caused or will make or cause to be made pursuant to the terms above, he, she or it was not insolvent, nor will the payment required to be made by or

on behalf of him, her or it render him, her or it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including but not limited to §§ 101 and 547 thereof. This representation is made by each of the Settling Defendants and not by their counsel.

52. If a case is commenced in respect of any of the Wachovia Defendants, any Insurer, or any other Person contributing funds to the Settlement Fund on behalf of the Wachovia Defendants under Title 11 of the United States Code (the “Bankruptcy Code”), or a trustee, receiver, conservator, or other fiduciary is appointed under any similar law with respect to such Person, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of any of the Wachovia Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then (a) if a case has not been commenced with respect to Wells Fargo under the Bankruptcy Code, and a trustee, receiver, conservator or other fiduciary has not been appointed under any similar law with respect to Wells Fargo, Wells Fargo shall be obligated to promptly repay into the Settlement Fund any portions of the Wachovia Settlement Amount contributed to the Settlement Fund by others that are required to be returned under the circumstances described in this paragraph, or (b) if Lead Bond/Notes Plaintiffs in their discretion determine that Wells Fargo cannot or has not adequately protected the interests of the Settlement Class under subparagraph (a) above, or if a case has been commenced with respect to Wells Fargo under the Bankruptcy Code or a trustee, receiver, conservator or other fiduciary has been appointed under any similar law with respect to Wells Fargo, at the election of Lead Bond/Notes Plaintiffs, (i) the Wachovia Defendants and Lead Bond/Notes Plaintiffs shall jointly move the Court to vacate and set aside the releases given and

the Judgment or Alternative Judgment, if applicable, entered in favor of the Wachovia Defendants and the other Wachovia Releasees pursuant to this Stipulation, which releases and Judgment, or Alternative Judgment, shall be null and void, and Bond/Notes Plaintiffs, the Wachovia Defendants and the Underwriter Defendants shall be restored to their respective positions in the litigation as provided in ¶ 42(c) herein and any cash amounts in the Settlement Fund related to the Wachovia Settlement Amount (less any proportional Taxes paid or due with respect to the Settlement Fund and less any proportional Notice and Administration Costs actually incurred and paid or payable) shall be returned as provided in ¶ 42(g), or (ii) the Wachovia Defendants and Lead Bond/Notes Plaintiffs shall jointly move the Court to vacate and set aside the releases given and the Judgment or Alternative Judgment, if applicable, entered pursuant to this Stipulation in respect of such Wachovia Defendant(s) which is (are) the subject of such order, which releases and Judgment, or Alternative Judgment, shall be null and void as against such Wachovia Defendant(s) and its or their Wachovia Releasees, and Bond/Notes Plaintiffs and such Wachovia Defendant(s) shall be restored to their respective positions in the litigation as provided in ¶ 42(c) herein, but the Settlement and Judgment, or Alternative Judgment, shall remain effective in respect of all other Settling Parties.

53. If a case is commenced in respect of KPMG, any Insurer, or any other Person contributing funds to the Settlement Fund on behalf of KPMG under Title 11 of the Bankruptcy Code, or a trustee, receiver, conservator, or other fiduciary is appointed under any similar law with respect to such Person, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of KPMG to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly

deposited to the Settlement Fund by others, then, at the election of Lead Bond/Notes Plaintiffs, the Settling Parties shall jointly move the Court to vacate and set aside the releases given and the Judgment or Alternative Judgment, if applicable, entered in favor of KPMG and the other KPMG Releasees pursuant to this Stipulation, which releases and Judgment, or Alternative Judgment, shall be null and void, and Bond/Notes Plaintiffs and KPMG shall be restored to their respective positions in the litigation as provided in ¶ 43(c) herein and any cash amounts in the Settlement Fund related to the KPMG Settlement Amount (less any proportional Taxes paid or due with respect to the Settlement Fund and less any proportional Notice and Administration Costs actually incurred and paid or payable) shall be returned as provided in ¶ 43(g).

54. The Settling Parties intend this Stipulation and the respective Settlements to be a final and complete resolution of all disputes asserted or which could be asserted by the Bond/Notes Plaintiffs, any other Settlement Class Members and their attorneys against all Released Defendant Persons with respect to all Released Bond/Notes Claims. Accordingly, Bond/Notes Plaintiffs and each Settling Defendant agree not to assert in any forum that this Action was brought by Bond/Notes Plaintiffs or defended by the Settling Defendants in bad faith or without a reasonable basis. No Settling Party shall assert any claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the institution, prosecution, defense, or settlement of this Action. The relevant Settling Parties agree that the amounts paid and the other material terms of the Wachovia Settlement and the KPMG Settlement, respectively, were negotiated at arm's-length and in good faith by the Settling Parties, under the auspices of a mediation process supervised and conducted by the Judge Daniel Weinstein (ret.), and reflect separate settlements that were each reached voluntarily upon after extensive negotiations and

consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients claims or defenses.

55. While retaining their right to deny that the claims asserted in the Action were meritorious, the Settling Defendants in any statement made to any media representative (whether or not for attribution) will not deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Bond/Notes Plaintiffs and Settling Defendants shall not make any accusations of wrongful or actionable conduct by either party concerning the prosecution and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

56. The terms of the Wachovia Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Lead Bond/Notes Plaintiffs and the Wachovia Defendants (or their successors-in-interest). Similarly, the terms of the KPMG Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Lead Bond/Notes Plaintiffs and KPMG (or their successors-in-interest).

57. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

58. The administration and consummation of the Wachovia and KPMG Settlements as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Lead Bond/Notes Counsel and enforcing the terms of this Stipulation.

59. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

60. This Stipulation and its exhibits and the Wachovia Supplemental Agreement constitute the entire agreement among Bond/Notes Plaintiffs and the Wachovia Defendants concerning the Wachovia Settlement and this Stipulation and its exhibits and the KPMG Supplemental Agreement constitute the entire agreement among Bond/Notes Plaintiffs and KPMG concerning the KPMG Settlement. All Settling Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by any party hereto concerning this Stipulation, its exhibits or the Supplemental Agreements other than those contained and memorialized in such documents.

61. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the signatories of this Stipulation shall exchange among themselves original signed counterparts.

62. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties, including any and all Released Defendant Persons and any corporation, partnership, or other entity into or with any party hereto may merge, consolidate or reorganize.

63. The construction, interpretation, operation, effect and validity of this Stipulation, the Supplemental Agreement and all documents necessary to effectuate it shall be governed by the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

64. Any action arising under or to enforce this Stipulation or any portion thereof shall be commenced and maintained only in this Court.

65. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being recognized that it is the result of arm's-length negotiations between the parties and all parties have contributed substantially and materially to the preparation of this Stipulation.

66. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

67. Lead Bond/Notes Counsel and Settling Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Wachovia Settlement and the KPMG Settlement, as embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlements.

68. If either party is required to give notice to the other party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or facsimile transmission with confirmation of receipt. Notice shall be provided as follows:

If to Lead Bond/Notes Plaintiffs
or Lead Bond/Notes Counsel:

Bernstein Litowitz Berger & Grossmann LLP
1285 Avenue of the Americas
New York, New York 10019
Telephone: (212) 554-1400
Facsimile: (212) 554-1444
Attn: William C. Fredericks, Esq.

Kessler Topaz Meltzer & Check, LLP
280 King of Prussia Road
Radnor, Pennsylvania 19087
Telephone: (610) 667-7706
Facsimile: (610) 667-7056
Attn: David Kessler, Esq.

Robbins Geller Rudman & Dowd LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: (619) 231-1058
Facsimile (619) 231-7423
Attn: John J. Rice, Esq.

If to Wachovia Defendants:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Telephone: (212) 859-8000
Facsimile: (212) 859-4000
Attn: Douglas Flaum, Esq.
Israel David, Esq.

If to KPMG:

Williams & Connolly LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005
Telephone: (202) 434-5000
Facsimile: (202) 434-5029
Attn: John K. Villa

DATED: New York, New York
August 5, 2011

**BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP**

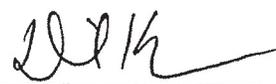
By: 

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