MEMORANDUM

Agenda Item No. 14(A)(1)

TO:	Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners	**DATE:**	October 2, 2012
FROM:	R. A. Cuevas, Jr. County Attorney	**SUBJECT:**	Resolution delegating to the County Mayor the right to enter into the settlement and release of claims against Wachovia Bank, N.A. relating to its conduct in the municipal bond derivatives market if certain conditions are satisfied; authorizing County Mayor to take all actions necessary to accomplish such purposes including execution of all related documents

The accompanying resolution was prepared by the Finance Department and placed on the agenda at the request of Prime Sponsor Commissioner Lynda Bell.

R. A. Cuevas, Jr.
County Attorney

RAC/jls

Memorandum

MIAMI-DADE COUNTY

Date: October 2, 2012

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Resolution Delegating Authority to Enter Into Settlement and Release of Claims Against Wachovia Bank, N.A.

Recommendation

It is recommended that the Board of County Commissioners adopt the accompanying Resolution, authorizing the delegation of authority to the County Mayor or the County Mayor's designee to:

- participate in the Settlement Agreement among the Attorneys General of the States;
- execute the Election to Participate in the Settlement with Wachovia Bank, N.A., presently known as Wells Fargo Bank, N.A. (Wachovia), and
- execute the Release by Participating Counterparties.

Such authority is subject to the administration completing an assessment and determination that the financial terms of the Settlement have adequately satisfied any harm the County may have suffered.

The County Mayor is further authorized to effectuate this Resolution by approving and filing this Resolution with the Clerk of the Board. This authorization is necessary to allow the County to expedite its participation, if it is deemed in the best interest of the County, given that the deadline is October 19, 2012.

Scope

This item provides restitution for alleged harm caused by Wachovia due to improper conduct by its employees in the municipal derivatives market. The overall impact of the Settlement is countywide.

Fiscal Impact/Funding Source

Should the County choose to participate in the Settlement Agreement, the settlement amount has been identified at $1,025,925.11. Such funds may be used for any lawful purpose.

Background

After an investigation that began in the spring of 2008, it was alleged by certain State Attorneys General (including the Attorney General of the State of Florida) that certain of Wachovia's employees participated in an illegal scheme with other Brokers and Providers putting their mutual financial interests ahead of those of their municipal derivatives clients. The alleged illegal activity consisted of rigging bids or fixing prices or other terms and conditions of municipal bond derivatives ultimately resulting in unjust profits and causing issuers to be paid artificially low rates or yields on municipal bond derivatives. The timeframe of this activity covered a period extending from 1998 to at least 2004.

The Attorneys General brought suit against Wachovia and on December 8, 2011 the states and commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin entered into a Settlement Agreement, attached as Exhibit A to the Resolution, with Wachovia to settle the claims. Wachovia, without admitting or denying the allegations contained in the

Settlement Agreement, has agreed to pay a total of $54.5 million into a fund that will be used to pay restitution to certain entities that entered into one or more Municipal Bond Derivatives (Swaps) from January 1, 1998 through December 31, 2004 and in which specific Wachovia marketers or specific Brokers participated.

The State of Florida, having been one of the states, has recently contacted the County to determine if the County wants to participate in the Settlement received from Wachovia. In order to participate, the County was given a deadline to respond by October 1, 2012. The County believes it is entitled to participate in the Settlement because of a prior Guaranteed Investment Contract with Wachovia, for which staff is finalizing investigation of the details of a transaction, not yet complete. Therefore, the Office of the State Attorney has extended the deadline for the County to elect participation to at least October 19, 2012.

The delegated authority is sought to participate in the Settlement if, after completing investigation of the transaction details and final consultation with the County's Derivatives Advisor, the County Mayor or the County Mayor's Designee determines that participation in the Settlement adequately satisfies any recoverable harm that the County may have suffered and to execute the Election to Participate in Settlement with Wachovia Bank, N.A., attached as Exhibit B and the Release By Participating Counterparties, attached as Exhibit C.

Attachments

Edward Marquez
Deputy Mayor

MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners

DATE: October 2, 2012

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 14(A)(1)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

✓ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 14(A)(1)
10-2-12

RESOLUTION NO. _____

RESOLUTION DELEGATING TO THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE THE RIGHT TO ENTER INTO THE SETTLEMENT AND RELEASE OF CLAIMS AGAINST WACHOVIA BANK, N.A. RELATING TO ITS CONDUCT IN THE MUNICIPAL BOND DERIVATIVES MARKET IF CERTAIN CONDITIONS ARE SATISFIED; AUTHORIZING COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO TAKE ALL ACTIONS NECESSARY TO ACCOMPLISH SUCH PURPOSES INCLUDING EXECUTION OF ALL RELATED DOCUMENTS

WHEREAS, this Board wishes to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board hereby approves the terms of and authorizes the County Mayor or the County Mayor's designee to (a) participate in the Settlement Agreement Among the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, District of Columbia, Florida, Idaho, Illinois, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Tennessee and Wisconsin and Wachovia Bank, N.A. dated December 8, 2011 (the "Settlement Agreement"), attached as Exhibit A and (b) execute the Election to Participate in Settlement With Wachovia Bank, N.A., attached as Exhibit B, and the Release by Participating Counterparties, attached as Exhibit C, subject to the administration conducting a thorough assessment, including consultation with the County's Swap Financial

Advisor, and making the determination that the financial terms of the settlement adequately satisfy any recoverable harm that the County may have suffered as a result of the actions taken by Wachovia Bank, N.A. in the derivatives market during the period from January 1, 1998 and December 31, 2006.

Section 2. The Board hereby authorizes the County Mayor or the County Mayor's designee to do all acts and things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to effectuate the aforementioned settlement upon the occurrence of all of the following: (a) the conditions set forth in Section 1 are satisfied and (b) review by the Office of the County Attorney of such documents and certificates for legal sufficiency.

Section 3. The County Mayor or the County Mayor's designee will submit a report, to the Board of County Commissioners, describing all actions taken by the County Mayor or the County Mayor's designee relating to the aforementioned settlement.

The foregoing resolution was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman
Audrey M. Edmonson, Vice Chairwoman

Bruno A. Barreiro	Lynda Bell
Esteban L. Bovo, Jr.	Jose "Pepe" Diaz
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Rebeca Sosa	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 2nd day of October, 2012. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. JRA

Juliette R. Antoine

EXHIBIT A

SETTLEMENT AGREEMENT

An Agreement Among
the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin
and
Wachovia, as defined in Paragraph No. 1 of the Parties Section, below,
dated December 8, 2011

This Settlement Agreement is made and entered into this 8th day of December 2011 (hereinafter, "Effective Date"), by and between the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin (hereinafter, "Attorneys General") and Wachovia (as defined hereinafter).

WHEREAS, the Attorneys General have been conducting an investigation of violations of state and federal antitrust laws, state consumer protection laws and false claims statutes in the marketing, sale and placement of municipal bond derivatives (the "Attorneys General's Investigation");

WHEREAS, the Attorneys General are prepared to make the following allegations based upon the Attorneys General's Investigation ("Allegations"), which allegations Wachovia neither admits nor denies:

ALLEGATIONS

The Market for Tax-Exempt Securities

1. The market for bonds issued by governmental, quasi-governmental and not-for-profit entities in the United States ("Municipal Bonds") is very large with approximately $400 billion in new tax exempt bonds issued each year and a total market value of almost $2.8 trillion in outstanding tax exempt bonds.

2. Municipal Bonds represent an important source of funds for many governmental, quasi-governmental and not-for-profit entities ("Issuers").

3. Municipal Bonds are used by state agencies, municipalities, towns and other qualified Issuers to finance a variety of projects such as mass transit, repair of streets and roads, and construction of buildings, low-income housing, schools and power plants as well as to satisfy ongoing cash flow and debt service requirements.

4. While the proceeds from the issuance of Municipal Bonds are usually earmarked for specific purposes, the monies often are not required to be spent immediately. For instance, if the bond was issued to fund the construction of a stadium, the Issuer may only have an immediate

need for a portion of the proceeds raised through the bond offering. The remainder is typically placed in an account that can be drawn upon as construction-related expenses are incurred. In such cases, the Issuer may seek a safe interest-bearing investment to earn interest on the funds until they are ready to use.

5. Investment agreements used to invest the proceeds from a Municipal Bond issue include forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured ("collateralized") and unsecured guaranteed investment contracts (collectively, "Municipal Reinvestment Products").

6. Apart from Municipal Reinvestment Products, Issuers also utilize various hedging instruments and strategies designed to manage or transfer the interest rate risk associated with the issuance of bonds, such as swaps, options, "swaptions," caps, collars and floors (collectively, "Interest Rate Risk Management Products").

7. Interest Rate Risk Management Products are risk management tools used by many Issuers of long-term debt to hedge, offset, or reduce the cost of borrowing by managing the short and long-term risks associated with fluctuating interest rates. An Interest Rate Risk Management Product is usually a contract under which each party agrees to make periodic payments to the other for an agreed period of time based upon a notional amount of principal. In one such type of product, an interest rate swap, one party agrees to make payments to the other based on a fixed rate in exchange for payments from the other party based on a floating rate.

8. Issuers enter into agreements for Municipal Reinvestment Products and Interest Rate Risk Management Products (collectively, "Municipal Bond Derivatives") with counterparties. These counterparties, or "providers," are most often large financial institutions such as commercial or investment banks, insurance companies or other financial service companies. Wachovia was a provider.

The Safe Harbor Regulations

9. Tax arbitrage is an investment strategy that takes advantage of tax rate differences among assets. In the context of the Municipal Bond market, such a strategy may be accomplished by using low-cost tax-exempt bonds to finance the purchase of higher-yielding Municipal Bond Derivatives. In order to prevent tax arbitrage (the ability of the issuer to profit from the investment of tax-exempt proceeds), the United States Department of the Treasury has promulgated regulations that restrict the yield on certain types of investments. Should the Issuer's return on the investments exceed the interest paid by the Issuer on the Municipal Bonds, the federal regulations in some cases may require the Issuer to rebate the earnings to the government.

10. To avoid running afoul of the federal regulations, the yield on an investment such as a guaranteed investment contract must be based on a purchase price that does not exceed the yield permitted by the regulations.

11. With respect to Municipal Reinvestment Products, the transaction will fall within the safe harbor regulations and the price will be treated as fair market value if the bid specifications include, *inter alia*:

a. All material terms of the bid, including all terms that may directly or indirectly affect the yield; and

b. A written statement that the potential providers did not consult with any other providers about the bid, that the bid was determined without regard to any agreement, and that the bid was not a "courtesy bid" (a bid submitted solely as a courtesy to the issuer, or any other person, for purposes of satisfying the regulations).

12. In addition, in order to fall within the safe harbor regulations, the bidding process for Municipal Reinvestment Products must also satisfy the following conditions:

a. No bidder may have received an unfair bidding advantage such as an opportunity to review other bids or to have a "last look" (an opportunity to review other bids before providing a bid);

b. At least three (3) "reasonably competitive providers" were solicited; and

c. At least three (3) written bids from disinterested providers were obtained.

13. In order for an Issuer to meet the fair market value "safe harbor" requirements, Municipal Reinvestment Products are always handled through a competitive bidding process that is conducted by a bidding agent or broker retained by the Issuer or the Issuer's agent.

14. In addition to its responsibilities for conducting the bidding on a Municipal Reinvestment Product, at the conclusion of the bidding and prior to the award of the Municipal Reinvestment Product, the broker must certify to the Issuer, in writing, that it has complied with a number of requirements, principal among them being:

- At least three (3) disinterested bidders with an established industry reputation as "reasonably competitive providers" of the types of investment agreements being purchased were solicited for bids;

- All potential bidders had "an equal opportunity to bid"; and

- At least one of the three bids was obtained from a "reasonably competitive provider."

15. Unlike Municipal Reinvestment Products, Interest Rate Risk Management Products are not subject to the fair market value safe harbor. Although Issuers are not required by the federal regulations to engage in competitive bidding for Interest Rate Risk Management Products, in many instances they choose, or are required by local procurement regulations, to do so.

16. When considering whether to enter into an Interest Rate Risk Management Product, the Issuer will often retain the services of one or more advisors such as a broker or swap advisor who

are responsible for assisting the Issuer in evaluating and selecting the most appropriate provider and assisting the Issuer in obtaining the Interest Rate Risk Management Products at a fair price and on reasonable terms. A swap advisor, presumably acting on behalf of the Issuer, would analyze such factors as the structure of the transaction, credit, cash flow payments, current benchmark pricing and the date and time of the transaction. Swap advisors are usually paid a fee for providing this service by the Issuer.

17. During the period from 1999 through 2005, Issuers involved in negotiated transactions often instructed their brokers and swap advisors to obtain an independent third party opinion to gauge whether the price offered by the putative provider was fair and whether the terms were reasonable. These valuations were usually accomplished through what the industry referred to as "market pricing letters," "check-away prices," "shadow prices" and "fairness opinions."

18. Market pricing letters are intended to be an independent market-based valuation of the fairness of the provider's pricing for, *e.g.*, a swap, and take into consideration, *inter alia*, such factors as the structure of the transaction, credit, cash flow payments and the date and time of the transaction.

19. The purpose of obtaining a check-away price is similar in most respects to obtaining a market pricing letter. In this scenario, the broker or swap advisor will identify several providers not involved in the negotiated transaction who are then asked to provide an "on-market rate" or "shadow rate" at or around the time the transaction is set to take place. These rates are compared against the rate offered by the Issuer's designated provider to assess the fairness of the rate offered. Providers are usually not compensated for providing the Issuer with the check-away price.

Wachovia's Derivative Marketing Desk

20. Wachovia Corporation was a diversified financial services company with its principal executive offices located in Charlotte, North Carolina. It was formed by the 2001 merger of Winston-Salem based Wachovia Corporation and Charlotte, North Carolina based First Union Corporation, a diversified financial services company encompassing retail brokerage services, wealth management, corporate and investment banking, as well as traditional retail banking. In connection with the merger, First Union Corporation changed its name to Wachovia Corporation. The entity at issue here, Wachovia Bank, which is referred to as "Wachovia" throughout this Allegations Section, was a wholly-owned subsidiary of Wachovia Corporation. In or about May 2008, Wachovia Bank exited the competitive Municipal Bond Derivatives business.

21. In December 2008, Wachovia Corporation merged with and into Wells Fargo & Company. At the time of the merger, Wachovia Corporation was the fourth-largest bank holding company in the United States based on total assets. In March 2010, Wachovia Bank merged with and into Wells Fargo Bank, a wholly-owned subsidiary of Wells Fargo & Company. Wachovia Bank no longer exists.

22. Responsibility for Wachovia's Municipal Derivatives business was handled by the Derivative Marketing Desk, which was located primarily in Charlotte, North Carolina.

23. Wachovia's Derivative Marketing Desk personnel included marketers who maintained client and broker relationships, structured and sold Municipal Bond Derivatives to its issuer clients, obtained credit and compliance approval for these products, bid on behalf of the desk for competitively bid transactions, and negotiated for Interest Rate Risk Management Products that were not bid out competitively. Wachovia's marketers were supported by a number of analysts, associates and administrative staff.

24. During the period from 1998 through 2005, the number of Wachovia employees on the Derivative Marketing Desk ranged from five to eight.

25. During the period from 1998 through 2005, Wachovia's Derivative Marketing Desk marketers' annual compensation was a combination of salary plus incentives, such as bonuses and stock options. Each marketer's annual incentive compensation was determined based on a number of factors, including his or her performance during the calendar year. Certain marketers on the Derivative Marketing Desk maintained lists of the transactions that they handled, including the revenue Wachovia then expected to earn over the life of the transaction.

Wachovia's Illegal Conduct

26. The Municipal Bond Derivative industry is a relationship-driven business. Marketers know that their level of personal success — opportunities for promotion and increased compensation — may be affected by the number of profitable transactions they bring to their financial institution. Access to these transactions is largely controlled by brokers and bidding agents, who decide which providers to solicit for a particular competitively bid transaction or which provider to recommend to an issuer for a negotiated transaction. Simply put, not every provider gets an opportunity to "see" and bid on a transaction. Therefore, a marketer has reasons to gain favor with the brokers and bidding agents who act as gatekeepers over the ultimate selection of a provider.

27. But it works both ways. Providers often have direct relationships with Issuers. These relationships are usually an outgrowth of the fact that many times the provider was the Issuer's underwriter on a municipal bond, such that the investment banker who advised and led the bond underwriting may have an established relationship with the Issuer's finance director, bond counsel or advisor. Thus, it was fairly common for an Issuer to seek a recommendation from providers for a broker, bidding agent or swap advisor to assist the Issuer with handling the Municipal Bond Derivative transaction. Bidding agents, brokers and swap advisors, therefore, have an incentive to gain favor with marketers, not only as additional sources of business but also because, as discussed above, for many deals bidding agents and brokers need to obtain a minimum of three bids to meet the fair market safe harbor. Often, finding three "competitive" providers to submit bids, and the prices or "levels" provided, are key elements of completing the deal.

28. The broker/marketer relationship can contribute to a smooth, efficient and ultimately competitive market for Municipal Bond Derivative transactions, ensuring that the Issuer enters into an appropriate investment and obtains a competitive rate. But this relationship also enabled certain providers and brokers to put their mutual pecuniary interests ahead of those of the Municipal Bond Derivative clients they represent.

29. Certain Wachovia Derivative Marketing Desk employees ("Certain Wachovia Marketers") engaged in a variety of illegal activities on certain transactions primarily during the period 1998 through at least 2004. The employees who engaged in those activities are no longer employed by Wachovia. Sometimes Certain Wachovia Marketers' activities involved a broker orchestrating bids for a Municipal Reinvestment Product, including courtesy or "cover" bids to create the appearance of competition. In other instances, Certain Wachovia Marketers communicated directly with marketers of other providers to fix the price, rate, or key terms of a particular transaction. In other instances, despite the broker's and winning provider's certification to the Issuer that no bidder had reviewed a competitor's bid, submitted a courtesy bid, or received a "last look," that was precisely what had occurred.

30. Wachovia participated in these transactions through one or more of its Derivative Marketing Desk employees and obtained unjust profits as a result. Certain Wachovia Marketers' unlawful activities caused certain Issuers throughout the country to receive less favorable terms on Municipal Bond Derivatives that were the subject of those activities than they would have received otherwise.

Wachovia Rigged Bids on Certain Municipal Bond Derivatives

31. By and large the bid rigging was directed by several powerful Municipal Bond Derivative brokers and carried out with the assistance of a number of co-conspirator marketers employed by participating providers.

32. The bid-rigging involving Certain Wachovia Marketers, which occurred on certain transactions, differed from transaction to transaction. For competitively bid transactions, brokers might identify in advance the provider it determined should win the bid and then arrange or "set up" the necessary additional bids to "cover" the winning provider's bid.

33. For a competitive transaction that Wachovia sought to win, the broker might either inform the other bidders where their "cover" quote needed to be, *i.e.*, the rate or terms above or below Wachovia's bid, or inform the Wachovia marketer of the other providers' bids so that Wachovia could adjust its own bid to ensure it was the successful bidder. Certain Wachovia Marketers understood that sometimes the broker would preordain that Wachovia would be the winning bidder and sometimes Wachovia would need to provide the courtesy bid to protect another competitor's bid. All of this conduct, however, was obscured from the Issuer, who believed that its broker was obtaining competitive bids.

34. At times, in return for a business referral from a Wachovia marketer, it was understood that the broker would arrange to provide Wachovia with confidential information on competitors' bids. This "last look" opportunity, which might be given on the very deal referred to the broker, or might be afforded in the future, enabled Wachovia to be less aggressive with its bidding on a given transaction and hence, change its bid just enough to win rather than provide the Issuer with what it expected through a competitive bidding process — the best terms available on the market. In some cases, the "last look" enabled Wachovia to win a deal it might otherwise have lost to a more competitive provider. While in some of these instances the last look may have resulted in a benefit to the Issuer, in other instances the last look resulted in

Wachovia adjusting its bid to the detriment of the Issuer on a specific transaction. The long term effect of last looks is to artificially alter the market level of bids.

35. At times, these illegal activities to manipulate and steer business to Wachovia for competitive Municipal Reinvestment Products were further concealed from the Issuer by means of the false representations that both the broker and Certain Wachovia Marketers (as well as the other participating providers) made on the respective certifications mandated by the federal safe harbor regulations (respectively, the "Certificate of Bidding Agent" and the "Bid Form") and attested to by the broker and Certain Wachovia Marketers. Moreover, the Certificate of Bidding Agent expressly stated that the Issuer can rely on the representations made in the certificate.

WHEREAS, based on this information, the Attorneys General are prepared to allege that Wachovia and other providers and brokers: (a) unreasonably restrained competition in the marketing, sale and placement of certain Municipal Bond Derivatives by rigging bids, and fixing prices and other terms and conditions with respect to specific Municipal Bond Derivatives; (b) agreed not to bid for certain Municipal Bond Derivatives; or (c) engaged in other anticompetitive, deceptive, unfair or fraudulent conduct, including misrepresenting or omitting material facts, that deprived Issuers of Municipal Bonds of the benefits of competition among the Providers of Municipal Bond Derivatives;

WHEREAS, Wachovia has reached a resolution with the Securities and Exchange Commission ("SEC Resolution"), whereby Wachovia has agreed, without admitting or denying any wrongdoing, to pay certain Municipal Bond Derivatives Counterparties identified by the SEC as being entitled to payment as a result of conduct by Wachovia alleged in the SEC Resolution to have violated Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q;

WHEREAS, Wachovia has entered into a formal agreement with the Office of the Comptroller of the Currency ("OCC Resolution"), whereby Wachovia has agreed, without admitting or denying any wrongdoing, to pay certain Municipal Bond Derivatives Counterparties identified as having been allegedly injured as a result of conduct by Wachovia;

WHEREAS, Wachovia has entered into an agreement with the Internal Revenue Service ("IRS") pursuant to which Wachovia shall make payments to the IRS that satisfy any outstanding liability to the IRS that Eligible Counterparties and Additional Eligible Counterparties may have as a result of any of Wachovia's activities in connection with the Municipal Bond Derivatives that are the subject of this Settlement Agreement;

WHEREAS, Wachovia, without admitting or denying any of the allegations contained herein, is entering into this Settlement Agreement prior to any court making any findings of fact or conclusions of law relating to the Allegations of the Attorneys General;

WHEREAS, the conduct at issue in the Attorneys General's Investigation did not concern Wachovia's underwriting, placement or remarketing of, or provision of credit or liquidity for, Municipal Bonds;

WHEREAS, Wachovia has cooperated fully with the Attorneys General's Investigation of Municipal Bond Derivatives, has given substantial assistance to the Attorneys General's Investigation and has agreed to provide appropriate relief for the harm caused;

WHEREAS, pursuant to this Settlement Agreement, without admitting or denying liability, Wachovia agrees to offer to make payments to certain Eligible Counterparties and Additional Eligible Counterparties and to pay the Civil Penalty and Additional Payment to resolve all claims and potential claims against it;

WHEREAS, Wachovia has agreed to continue to cooperate fully with the ongoing Attorneys General's Investigation; and

WHEREAS, the Attorneys General find that the relief and other provisions contained in this Settlement Agreement are appropriate and in the public interest.

NOW THEREFORE, in exchange for the mutual obligations described below, Wachovia and the Attorneys General hereby enter into this Settlement Agreement, and agree as follows:

DEFINITIONS

A. "Attorneys General" shall mean the Attorneys General of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin. Attorneys General as used in this Settlement Agreement shall include "Participating Attorneys General" as defined below.

B. "Participating Attorneys General" shall mean any Attorney General who elects to participate in this Settlement Agreement by completing the form attached hereto as Exhibit 2 pursuant to Paragraph 37 below.

C. "Municipal Bond Derivatives" shall mean: (i) contracts involving the reinvestment of the proceeds of tax-exempt bond issues and Qualified Zone Academy Bonds, or bonds issued by or on behalf of any governmental or quasi-governmental or non-profit entity in the United States, including but not limited to, states, cities, towns, counties, villages, parishes, school districts, clubs or various economic development, redevelopment, financing, lottery, parking, housing, educational, medical, religious, public safety, building, water, sewer, hospital, transportation, public works, waste management, environmental, port, park, airport, telecommunications and power authorities, corporation or boards, including but not limited to forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured and unsecured guaranteed investment contracts; and (ii) related transactions involving the management or transfer of the interest rate risk associated with the bonds or bond issues described above, including, but not limited to, swaps, options, swaptions, caps, collars and floors. Notwithstanding the foregoing, Municipal Bond Derivatives do not include: (i) contracts to underwrite the issuance of Municipal Bonds; (ii) credit default products, such as credit default swaps and credit default options; (iii) auction-rate securities; (iv) inter-dealer swaps; and (v) swaps, or other agreements between Providers to hedge, manage or otherwise share or transfer their risk on Municipal Bond Derivatives except to the extent used to facilitate any improper undisclosed payments to brokers or the rigging of bids for the reinvestment or management of bond proceeds.

D. "Covered Derivatives" are Municipal Bond Derivatives that meet the criteria set forth in Attachment A.

E. "Municipal Bond Derivatives Counterparties" shall mean the entities that entered into one or more Municipal Bond Derivatives, but shall not include Providers, Brokers, other financial institutions or any for-profit entities.

F. "Eligible Counterparties" shall mean Municipal Bond Derivatives Counterparties that entered into one or more Covered Derivatives with Wachovia.

G. "Additional Eligible Counterparties" shall mean Eligible Counterparties identified within ninety (90) days after the date the notice is sent to Eligible Counterparties.

H. "Participating Counterparties" shall mean Eligible Counterparties or Additional Eligible Counterparties that submit timely and complete claims pursuant to this Settlement Agreement.

I. "Provider(s)" shall mean banks, insurance companies, other financial institutions and any other persons or entities that engage in or offer to engage in the business of buying, selling or entering into Municipal Bond Derivatives with Municipal Bond Derivatives Counterparties.

J. "Broker(s)" shall mean persons, corporations, firms, partnerships and other entities that either: (a) act on behalf of or assist the Municipal Bond Derivatives Counterparties in developing requests for bids or proposals, in soliciting bids or proposals and/or in evaluating bids or proposals for Municipal Bond Derivatives; and/or (b) act on behalf of or assist Municipal Bond Derivatives Counterparties in locating Providers and/or in negotiating and evaluating Municipal Bond Derivatives. For purposes of this Settlement Agreement, Broker(s) shall also include persons, corporations, firms, partnerships and other entities that advise Municipal Bond Derivatives Counterparties or prospective Municipal Bond Derivatives Counterparties.

K. "Relevant Conduct" shall mean, except as provided below, Wachovia engaging in any of the following conduct from January 1, 1998 through December 31, 2006, whether by itself or in concert with other Providers or Brokers: (i) rigging bids or fixing the prices or other terms and conditions of any Municipal Bond Derivatives; (ii) agreeing not to bid for any Municipal Bond Derivatives; (iii) engaging in any other anticompetitive conduct relating to the marketing, sale, placement, modification or termination of any Municipal Bond Derivatives; and (iv) engaging in any deceptive, unfair or fraudulent conduct relating to Municipal Bond Derivatives that is described in Paragraphs 1 - 35 of this Agreement (Allegations). Notwithstanding the forgoing, Relevant Conduct does not include conduct by any person other than Wachovia Bank, N.A. or its predecessors.

PARTIES

1. Wachovia shall mean Wachovia Bank, N.A., formerly a national bank with its headquarters in Charlotte, North Carolina, and, its predecessors, successors and assigns, including, without limitation, Wells Fargo Bank, N.A., successor by merger to Wachovia Bank, N.A., and the subsidiaries, divisions, groups, affiliates and partnerships of each of the foregoing.

2. The Attorneys General and the Participating Attorneys General are the chief law enforcement officers of their respective states and are responsible for enforcing certain laws relating to the Relevant Conduct.

SETTLEMENT PAYMENTS

3. Wachovia shall pay a total of $58,750,000 in consideration of its settlement with the Attorneys General. Wachovia's payment consists of the following:

a. $54,500,000 as payment to Eligible Counterparties to be paid into an escrow fund in accordance with Paragraph 4 below; and

b. $3,000,000 as an Additional Payment to be paid in accordance with Paragraphs 18 and 19 below; and

c. $1,250,000 as a Civil Penalty to be paid in accordance with Paragraph 20 below.

4. Wachovia shall pay $54,500,000 into an escrow fund ("Fund") in accordance with the Attorneys General's instructions within twenty (20) business days of the effective date of this Settlement Agreement. The monies in the Fund and all interest earned thereon shall be used to make payments to Participating Counterparties. Any interest earned by this Fund shall remain in the Fund and be available for payments made from the Fund in accordance with this Settlement Agreement. No portion of the Fund shall be considered a fine or a penalty.

5. The remainder of the amount paid by Wachovia pursuant to Paragraphs 3(b) and (c) shall comprise the Additional Payment described in Paragraphs 18 and 19 below and the Civil Penalty described in Paragraph 20 below and shall be paid into separate account(s) pursuant to the Attorneys General's instructions.

6. It is acknowledged by Wachovia and the Attorneys General that the identification of Eligible Counterparties who entered into Municipal Bond Derivatives with Wachovia during the relevant time period, as defined in Attachment A, was determined by the Attorneys General based on the Attorneys General's Investigation and information provided by Wachovia in a database of Municipal Bond Derivatives. If, within 90 days of notice to Eligible Counterparties, it is determined by the Attorneys General, after consultation with the claims administrator, that there are additional Eligible Counterparties that could not be identified due to errors or omissions in the information provided by Wachovia, then such additional entities shall also be eligible to receive payment from the Fund.

7. Wachovia warrants that, as of the Effective Date of this Settlement Agreement, neither it nor any of its affiliates are insolvent, nor shall payment(s) into the Fund or payment of the

Additional Payment or Civil Penalty render it or any of its affiliates insolvent within the meaning of and/or for purposes of the United States Bankruptcy Code. If a case is commenced against Wachovia or any of its affiliates under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law and, in the event of a final order by a court of competent jurisdiction determining that payments made pursuant to this Settlement Agreement, and/or any accrued interest or any portion thereof constitute a preference, voidable transfer, fraudulent transfer or other similar transaction, and if, pursuant to such order, payments are not made pursuant to this Settlement Agreement or such payments are returned to Wachovia, any of its affiliates, or the trustee, receiver or conservator appointed by a court in any proceedings relating to Wachovia or any of its affiliates, then this Settlement Agreement shall be terminated and cancelled.

8. An escrow agent, which may not be Wachovia or an alleged participant in the Relevant Conduct as identified by the Attorneys General, shall be selected by Wachovia within twenty (20) days of the Effective Date of this Settlement Agreement; however, the Attorneys General or their designated representative shall approve, in advance of engagement, the selection of the escrow agent and the terms of the escrow agent's contract. Any amendment of the contract must also be approved by the Attorneys General or their designated representative. Wachovia and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by the Attorneys General or their designated representative to the proposed escrow agent or the contract terms. Notwithstanding the foregoing, any decision by the Attorneys General to disapprove a proposed escrow agent and/or the contract shall be final. The escrow agent shall invest the cash in the Fund in obligations of or obligations guaranteed by the United States of America or any of its departments or agencies, to obtain the highest available return on investment consistent with the preservation of principal, and shall reinvest the proceeds of these instruments as they mature into similar instruments at their then-current market rates. By selecting the escrow agent, Wachovia makes no representations or warranties about the escrow agent, and neither the Attorneys General nor Wachovia shall bear any risk or liability related to the investment of the Fund. The escrow agent shall be liable for any loss caused by its (or its agents) own willful misconduct, including theft or embezzlement, or gross negligence. The escrow agent shall not be liable for any loss resulting from its good faith reliance on instructions from the claims administrator described herein which have been countersigned by an authorized individual on behalf of Wachovia and the Attorneys General. Notwithstanding the foregoing, the escrow agent shall use all reasonable efforts to correct any mistakes if the same should occur, including but not limited to a Federal Reserve wire recall process for funds wired to an incorrect beneficiary, a stop-payment on a check if the item is not presented for payment at that time and holding the account balance so that only known and acceptable transactions take place. Any instructions from Wachovia relating to the administration of or disbursement from the Fund to Participating Counterparties must be countersigned by the Attorneys General or their designated representative. The escrow agent shall provide copies of monthly statements to the Attorneys General or their designated representative and Wachovia. The escrow agent shall disburse the fund in a manner consistent with this Settlement Agreement and consistent with the instructions of the claims administrator. The costs of the escrow agent and the costs of administering the Fund (including the preparation of any tax returns) shall be the sole responsibility of Wachovia and shall not be paid from the proceeds of the Fund.

9. The Fund shall be treated as being at all times a qualified settlement fund within the meaning of Treas. Reg. 1.468B-1. The escrow agent and, as required, the parties shall timely make such elections as necessary or advisable to carry out the provisions of this Paragraph, including, the "relation-back election," as defined in Treas. Reg. 1.468B-1, back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulation. It shall be the responsibility of the escrow agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur. The escrow agent shall be the "administrator" (as defined in Treas. Reg. 1.468B-2(k)(3)) of the Fund, and shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Fund. The expenses of tax preparation and tax filing shall be borne by Wachovia. Taxes shall be timely paid by the escrow agent out of the Fund. The escrow agent shall be obligated to withhold from distribution out of the Fund any amounts necessary to pay such tax liabilities (as well as any amounts that may be required to be withheld under Treas. Reg. 1.468B-2(1) (2)).

10. A claims administrator shall be employed to provide notice and distribute and/or administer the distribution of the Fund in accordance with the terms of this Settlement Agreement. The Attorneys General shall select the claims administrator; however, Wachovia and the Attorneys General agree to cooperate in good faith to resolve on a timely basis any objections by Wachovia to the claims administrator or the contract terms; notwithstanding the foregoing, any decision by the Attorneys General to disapprove a proposed claims administrator and/or the contract shall be final. The contract with the claims administrator shall expressly provide that: (i) the claims administrator shall provide interim reports to Wachovia and the Attorneys General, no less than every thirty (30) days or as otherwise requested by the Attorneys General or Wachovia, that shall include an itemization of all payments made from the Fund or the Residue (as defined in Paragraph 14 below); (ii) the claims administrator shall prepare draft notices to Eligible Counterparties and Additional Eligible Counterparties, which shall include a notice letter, an election to participate and release form and a "question and answer" pamphlet ("Notice Packet"); (iii) the Notice Packet shall be mailed to Eligible Counterparties and Additional Eligible Counterparties by first-class mail, postage pre-paid and by electronic delivery if addresses are available; (iv) the claims administrator shall maintain a settlement website (which shall not be identified with Wachovia) and shall provide a method by which Eligible Counterparties and Additional Eligible Counterparties may call with questions about the settlement; (v) the Notice Packet and any other written communication with any Eligible Counterparty, Additional Eligible Counterparty or Participating Counterparty, including the letter that will accompany the mailing of payments to Participating Counterparties from the Fund, shall be approved in advance by the Attorneys General or their designated representative after consultation with Wachovia; (vi) instructions to the claims administrator regarding notices and distribution of the Fund to Participating Counterparties shall be countersigned by the Attorneys General or their designated representative; and (vii) any questions regarding the distribution to the Participating Counterparties that cannot be answered by the claims administrator shall be directed to the Attorneys General or their designated representative(s). The Attorneys General agree that the Notice Packet (and all components thereof) shall conform to the text of the Notice Packet issued in connection with the Attorneys General's settlement with Bank of America, dated December 7, 2010, insofar as the substantive provisions of the Bank of America settlement and this Settlement are similar. By selecting the claims administrator, the Attorneys General make no representations or warranties about the claims

administrator. The claims administrator shall bear all risks related to the administration of and/or distribution of the Fund. Neither the Attorneys General nor Wachovia bear any risk or liability related to the administration and/or distribution of the Fund, or the actions or inaction of the claims administrator. The costs of administering the distribution of the Fund (including all notices) shall be the sole responsibility of Wachovia and shall not be paid from the Fund.

11. Payments from the Fund shall be made to Participating Counterparties, pursuant to a formula developed by the Attorneys General in consultation with Wachovia. To the extent a Participating Counterparty has or will receive a payment through the SEC or OCC Resolutions with Wachovia for the same transaction or transactions, such payment amount will be subtracted from any payments to be made from the Fund. Notwithstanding the foregoing, the Attorneys General shall have the right to adopt a formula they deem appropriate for payments from the Fund.

12. In order to ensure that payments are made to the Participating Counterparties on a timely basis, Wachovia and the Attorneys General will work in good faith to complete their respective duties and tasks as set forth in Attachment B within the time specified therein.

13. To receive a payment from the Fund, Eligible Counterparties and Additional Eligible Counterparties must submit a timely election to participate, accompanied by a signed release in the form attached hereto as Exhibit 1, in accordance with the instructions set forth in the Notice Packet. In the event that any Eligible Counterparty or Additional Eligible Counterparty elects not to participate or otherwise does not respond ("Non-Participating Counterparty"), this settlement shall have no effect on any claims or causes of action for damages, disgorgement or restitution that such Non-Participating Counterparty may have against Wachovia for the Relevant Conduct.

14. In the event that any of the principal of Wachovia's $54,500,000 payment (i.e. not including accrued interest) remains in the Fund after all payments have been made to Participating Counterparties pursuant to Attachment B ("the Residue"), Wachovia, upon ten (10) days notice to the Attorneys General, may instruct the claims administrator to use any of the Residue to satisfy any pending or other claims asserted by Municipal Bond Derivatives Counterparties relating to the Relevant Conduct by disbursing such money from the Fund specifically for such use; *provided, however,* that the Residue shall be used solely for payment of other claims asserted by Municipal Bond Derivatives Counterparties related to the Relevant Conduct.

15. Notwithstanding anything in this Settlement Agreement to the contrary: (i) Wachovia is specifically prohibited from using any of the Fund or Residue for payment of attorneys' fees; (ii) in no event shall any distribution to any non-Participating Counterparty from the Fund or the Residue exceed the amount the non-Participating Counterparty would have received if it had elected to be a Participating Counterparty under this Settlement Agreement;[1] (iii) any of the Fund or Residue remaining in the Fund as of the date the last case that is or was part of MDL No. 1950, Master Docket No. 08-02516 *(In re Municipal Derivatives Antitrust Litigation)* is

[1] For the avoidance of doubt, paragraph 15(ii) shall have no effect on any distribution to any Municipal Bond Derivatives Counterparty that did not enter into a Covered Derivative.

dismissed with prejudice as to Wachovia and the time for appeal has expired shall be paid to a multi-state fund for additional disbursement to Participating Counterparties, for the antitrust training of deputy and assistant Attorneys General, or otherwise directed by the Attorneys General; and (iv) under no circumstances shall any of the monies in the Fund or Residue, at any time, be returned to Wachovia.

16. The claims administrator and the escrow agent shall provide Wachovia and the Attorneys General or their designated representatives with a final report accounting for all amounts paid to Participating Counterparties from the Fund and to whom such payments were made. In addition, the claims administrator and escrow agent shall maintain and provide Wachovia and the Attorneys General or their designated representatives with reports accounting for payments made to all other Municipal Bond Derivative Counterparties (other than the Participating Counterparties) pursuant to Paragraphs 14 and 15 above. Such reports shall be provided monthly or as otherwise requested by Wachovia or the Attorneys General. Upon request, the claims administrator and escrow agent shall make available for inspection by the Attorneys General or their designated representatives all records relating to such payments.

17. In no event shall any money in the Fund be used to pay attorney's fees, including attorneys' fees incurred in satisfying payment pursuant to pending or other claims asserted by Municipal Bond Derivatives Counterparties relating to the Relevant Conduct, or any costs or expenses associated with the establishment or administration of the Fund, including but not limited to the costs of identifying Eligible Counterparties, providing notices, calculating payments, issuing checks and preparing any accounting, return(s) or other reports.

ADDITIONAL PAYMENT

18. Within thirty (30) business days of the Effective Date of this Settlement Agreement, Wachovia shall pay or cause to be paid, by wire transfer, certified check or other guaranteed funds, pursuant to the instructions of the Attorneys General, the sum of $3,000,000 ("the Additional Payment").

19. The Additional Payment shall be apportioned and used for any one or more of the following purposes, as the Attorneys General, in their sole discretion, see fit: (a) payment of attorneys' fees and expenses; (b) antitrust or consumer protection law enforcement; (c) to cover additional expenses relating to the ongoing Attorneys General's Investigation and any related litigation; (d) for deposit into a state antitrust or consumer protection account (e.g., revolving account, trust account), for use in accordance with the state laws governing that account; (e) for deposit into a fund exclusively dedicated to assisting state attorneys general defray the costs of experts, economists and consultants in multistate antitrust investigations and litigation; or (f) for such other purpose as the Attorneys General deem appropriate, consistent with the various states' laws.

CIVIL PENALTY

20. Within thirty (30) business days of the Effective Date of this Settlement Agreement, Wachovia shall pay or cause to be paid, by wire transfer, certified check or other guaranteed

funds, pursuant to the instructions of the Attorneys General, the sum of $1,250,000 as a civil penalty.

PROHIBITED CONDUCT

21. Wachovia, its directors, officers, managers, agents, and employees shall not, directly or indirectly, maintain, solicit, suggest, advocate, discuss or carry out any unlawful combination, conspiracy, agreement, understanding, plan or program with any actual or potential competitor, financial advisor, swap advisor, bidding agent or broker to: (a) submit courtesy, cover or otherwise non-competitive bids for Municipal Bond Derivatives; (b) refrain from bidding on or negotiating for Municipal Bond Derivatives; (c) coordinate the preparation, submission, content, price and other terms of Municipal Bond Derivatives; or (d) engage in the Relevant Conduct as defined above.

22. Wachovia, its directors, officers, managers, agents, and employees shall not, in conjunction with the marketing, sale or placement of Municipal Bond Derivatives make material misrepresentations or omit material facts to potential counterparties, their agents, brokers or advisors.

BUSINESS REFORMS

23. Within (90) days of the Effective Date of this Settlement Agreement, Wachovia shall provide the Attorneys General with a copy of its current antitrust compliance policy.

COOPERATION WITH THE ATTORNEYS GENERAL'S INVESTIGATION

24. Until the date upon which the Attorneys General's Investigation is concluded, Wachovia agrees to continue to provide full, complete and prompt cooperation with the ongoing Attorneys General's Investigation, and related proceedings and actions, against any other person, corporation or entity, including but not limited to Wachovia's former employees. Wachovia agrees to use its best efforts to secure the full and truthful cooperation of its current officers, directors, employees and agents with the ongoing Attorneys General's Investigation and related proceedings and actions.

25. Cooperation shall include, but not be limited to: (a) producing, voluntarily, without service of subpoena, to the extent permitted by law or regulation, all information, documents or other tangible evidence reasonably requested by the Attorneys General that relates to the Attorneys General's Investigation, subject to the right to withhold information on grounds of privilege, work product or other legal doctrine; (b) preparing, without service of subpoena, to the extent permitted by law or regulation, any compilations or summaries of information or data that the Attorneys General reasonably request that relate to the Attorneys General's Investigation; and (c) if requested by the Attorneys General, working to ensure that Wachovia's current officers, directors, employees and agents attend, on reasonable notice, any proceedings (including but not limited to meetings, interviews, hearings, depositions, grand jury proceedings and trial) and, subject to the right to withhold information on grounds of privilege, work product or other legal doctrine, to answer completely, candidly and truthfully any and all inquiries relating to the subject matter of the Attorneys General's Investigation that may be put to such

persons by the Attorneys General (or any of them, their deputies, assistants or agents), without the necessity of a subpoena.

26. In the event any Wachovia document or information in Wachovia's possession is withheld or redacted on grounds of privilege, work-product or other legal doctrine, a statement shall be submitted in writing by Wachovia indicating: (i) the type of document or information; (ii) the date of the document; (iii) the author and recipient of the document; (iv) the general subject matter of the document or information; (v) the reason for withholding the document; and (vi) the Bates number or range of the withheld document. The Attorneys General or their designated representative may initiate a challenge to such claim in any forum of their choice and may, without limitation, rely on all unprivileged documents or communications theretofore produced or the contents of which have been described by Wachovia, its officers, directors, employees, or agents, if any.

27. It is agreed that any confidential information provided pursuant to the foregoing Paragraphs shall be covered under the Confidentiality Agreement, dated August 12, 2008, signed by Julia M. Jordan of Sullivan & Cromwell LLP and Michael E. Cole, Chief, Antitrust Department of the Connecticut Attorney General's Office, as well as the Supplemental Agreement dated December 10, 2008, signed by Julia M. Jordan of Sullivan & Cromwell LLP and Michael E. Cole, Chief, Antitrust Department of the Connecticut Attorney General's Office.

28. Wachovia agrees not to compromise the integrity or confidentiality of any aspect of the Attorneys General's Investigation or any proceeding or actions relating to the Attorneys General's Investigation, by sharing or disclosing evidence, documents or other information provided to Wachovia by the Attorneys General or their designated representative without the consent of the Attorneys General or their designated representative. Wachovia shall give notice to the Attorneys General of any discovery or other request for such information within ten (10) business days of receipt. Nothing herein shall prevent Wachovia from providing such evidence to other government regulators, self-regulatory organizations, law enforcement agencies or as otherwise required by law or regulation.

29. Wachovia shall maintain custody of, or make arrangements to have maintained, all documents and records of Wachovia related to the Attorneys General's Investigation and covered by the subpoena(s) issued in the Attorneys General's Investigation until the completion of the investigation and any related litigation, including appeals.

ENFORCEMENT

30. The Attorneys General, jointly or individually, may make such application as appropriate to enforce or interpret the provisions of this Settlement Agreement or, in the alternative, may maintain any action within their legal authority, either civil or criminal, for such other and further relief as any Attorney General may determine in his/her sole discretion is proper and necessary for the enforcement of this Settlement Agreement. Wachovia consents to the jurisdiction of the courts of the States of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin and the state or commonwealth over

which any Participating Attorney General has jurisdiction and only for the purpose of an action brought by one or more of the Attorneys General to enforce the terms of this Settlement Agreement. New York law shall apply in any action brought by one or more of the Attorneys General to enforce the terms of this Settlement Agreement, except to the extent that the issue concerns the confidentiality agreements described in Paragraph 27 above, in which case the law of the relevant state shall apply. The parties recognize that remedies at law for violations of this Settlement Agreement, except for Paragraphs 3, 4, 18 and 20 are inadequate. The parties agree that, in any action to enforce the terms of this Settlement Agreement, except Paragraphs 3, 4, 18 and 20, a court shall have the authority to award equitable relief, including specific performance, and the parties consent to the awarding of such equitable relief including specific performance.

31. This Settlement Agreement may be modified by the mutual agreement of Wachovia and the Attorneys General. Any such modification shall be in writing and signed by all parties to this Settlement Agreement.

32. In the event that impediments arise in the identification of Eligible Counterparties or Additional Eligible Counterparties, or in the allocation or distribution of monies to Participating Counterparties, Wachovia and the Attorneys General agree to use their best efforts to eliminate or otherwise resolve these impediments in order to ensure that timely payment is made to Participating Counterparties according to the formula to be developed pursuant to Paragraph 11 above. Notwithstanding the foregoing, the Attorneys General shall make the final determination as to who is an Eligible Counterparty or Additional Eligible Counterparty entitled to receive a payment under this Settlement Agreement and how much each is entitled to receive under this Settlement Agreement.

RELEASE BY ATTORNEYS GENERAL AND PARTICIPATING ATTORNEYS GENERAL

33. By his or her execution of this Settlement Agreement or by submission of an Election by an Attorney General to Participate in Settlement with Wachovia (Exhibit 2 attached hereto), each Attorney General and Participating Attorney General releases Wachovia, as defined in Paragraph 1, and its past and current officers, directors and employees, other than past employees on the Derivative Marketing Desk, from all civil claims, counterclaims, cross claims, setoffs, civil causes of action of any type (whether common law, equitable, statutory, regulatory or administrative, class, individual or otherwise in nature, and whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured), demands, disputes, damages, restitution, whenever incurred and liabilities of any nature whatsoever, including, without limitation, costs, fines, debts, expenses, penalties and attorneys' fees, known or unknown, arising out of the Relevant Conduct that could have been asserted by each Attorney General in his or her sovereign capacity as chief law enforcement officer of his or her respective jurisdiction.

34. The Attorneys General and Participating Attorneys General intend by this Settlement Agreement to settle with and release only Wachovia, as defined in Paragraph 1, and all of Wachovia's past and current officers, directors, and employees, other than past employees on the Derivative Marketing Desk, and do not intend this Settlement Agreement, or any part hereof or any other aspect of the settlement or the releases, to extend to, to release or otherwise to affect in

any way any rights that the Attorneys General have or may have against any other person, party, or entity whatsoever.

35. Paragraphs 33 and 34 pertain only to claims that could have been asserted by the Attorneys General or Participating Attorneys General in their sovereign capacities and do not affect civil or administrative claims, causes of action, counterclaims, set-offs, demands, actions, suits, rights and liabilities for damages, restitution, disgorgement or taxes arising from the Relevant Conduct that an Attorney General or Participating Attorney General may assert on behalf of any Eligible Counterparty or Additional Eligible Counterparty. The parties understand, agree and acknowledge that Paragraphs 33 and 34 do not pertain to the mortgage lending, mortgage servicing or mortgage foreclosure activities or business practices of Wachovia.

RELEASE BY PARTICIPATING COUNTERPARTIES

36. In order to recover from the Fund established pursuant to Paragraph 3 of this Settlement Agreement, each Participating Counterparty shall be required to execute a release in the form of Exhibit 1 attached hereto.

PARTICIPATION OF ADDITIONAL ATTORNEYS GENERAL

37. The attorney general of any state that wishes to join in this settlement may opt-in and accept the terms of this Settlement Agreement by signing the opt-in agreement appended hereto as Exhibit 2, within 60 days of the Effective Date. Any attorney general submitting a timely opt-in agreement will thereby become a party to this Settlement Agreement.

NOTICES AND REPORTS

38. All notices and reports required to be provided shall be sent electronically or via first-class mail, postage pre-paid as follows:

For Wachovia:

Douglas R. Edwards
Assistant General Counsel
Wells Fargo Law Department
MAC D1053-300
301 South College Street
Charlotte, North Carolina 28202
douglas.edwards@wellsfargo.com

Karen Patton Seymour, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
seymourk@sullcrom.com

For Attorneys General:

Michael E. Cole
Chief, Antitrust Department
Office of the Connecticut Attorney General
55 Elm Street
Hartford, Connecticut 06141
Michael.cole@ct.gov

Elinor R. Hoffmann
Assistant Attorney General
Office of the New York State Attorney General
120 Broadway, Suite 26C44
New York, New York 10271
Elinor.hoffmann@ag.ny.gov

Upon request by Wachovia, the Attorneys General will designate a representative or group of no more than three representatives to serve as their liaison on issues of cooperation and claims administration.

OTHER PROVISIONS

39. This Settlement Agreement is entered into voluntarily and solely for the purpose of resolving the claims and causes of action against Wachovia. This Settlement Agreement and any and all negotiations, communications, documents (including drafts) and discussions associated with it shall not be used for any other purpose, except in proceedings or actions to enforce or interpret this Settlement Agreement. It shall not constitute or be construed as an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by Wachovia or bar any Wachovia entity from asserting any defense in any litigation or administrative or other proceeding based upon, arising out of or relating to, in whole or in part, the Relevant Conduct.

40. Nothing in this Settlement Agreement shall relieve Wachovia of any obligations imposed by any applicable laws or regulations relating to the marketing, sale or placement of Municipal Bond Derivatives.

41. Wachovia represents that, pursuant to an agreement it has entered into with the Internal Revenue Service, the IRS has agreed that: (1) for purposes of compliance by an Issuer with the arbitrage requirements of Section 148 of the Internal Revenue Code for Covered Bond Issues, Covered Contracts are deemed to have been entered into on terms which represented the fair market value of such Covered Contracts; and (2) for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code, any settlement payments received from Wachovia by affected issuers are not required to be included in proceeds or gross proceeds of the related bond issue. For the purposes of this Paragraph, "Covered Contracts" refers collectively to the following contracts during the period between January 1, 1993 to December 31, 2006 that Wachovia entered into, bid on (or refrained from bidding on), provided pricing for or was asked to provide pricing for, advised issuers or other financial institutions on, negotiated, structured, or was otherwise involved: (a) "Investment Contracts," involving the investment or reinvestment of the proceeds of a State or Local bond within the meaning of Section 103 of the Code (a "State or Local Bond"), and (b) "Derivative Contracts" (including swap contracts), which involve the

management or transfer of the interest rate risk associated with a State or Local Bond with issuers of State or Local Bonds (the "Issuers") or with entities which borrowed the proceeds of such bonds from the Issuer thereof or otherwise were the beneficiaries of such State or Local Bonds. The State or Local bond issues to which the Covered Contracts relate are referred to collectively herein as the "Covered Bond Issues." Wachovia agrees to indemnify and hold harmless the Attorneys General and all Eligible Counterparties and Additional Eligible Counterparties for any liability incurred as a result of any breach of the foregoing representation by Wachovia. Upon request, Wachovia will provide a copy of the IRS agreement to an Eligible Counterparty that requests it. The copy Wachovia provides may be redacted to the extent necessary to protect confidential information or as otherwise required by law or regulation.

42. Nothing contained in this Settlement Agreement shall be construed as mandating or recommending that Wachovia or any of its current employees be disqualified, suspended or debarred from engaging in any business in any jurisdiction, including but not limited to the marketing, sale or placement of Municipal Bond Derivatives or any other investment vehicle in any jurisdiction. Moreover, the Attorneys General agree that in connection with any state suspension and/or debarment proceeding instituted against Wachovia or any of its current directors, officers, agents, or employees (or any other proceeding in which a state or local entity is considering not doing business with Wachovia), at Wachovia's request any Attorney General shall promptly make known to the suspending and/or debarring authority (or other relevant state or local entity) that Wachovia has cooperated fully with the Attorneys General's Investigation of Municipal Bond Derivatives, has given substantial assistance to the Attorneys General's Investigation and has provided appropriate relief for the harm it caused. Notwithstanding the foregoing, this provision shall not require any Attorney General to disclose confidential information or to take any action that would compromise the Attorneys General's ongoing investigation.

43. This Settlement Agreement shall not confer any rights upon, and is not enforceable by, any persons or entities besides the Attorneys General and Wachovia.

44. This Settlement Agreement may be executed in counterparts.

WHEREFORE, IT IS SO AGREED AND the following signatures are affixed hereto on this 8th day of December 2011.

Wells Fargo Bank, N.A., successor by merger to Wachovia Bank, N.A.

By: _____
Douglas R. Edwards, Assistant General Counsel

LUTHER STRANGE
ATTORNEY GENERAL
STATE OF ALABAMA
501 WASHINGTON AVENUE
MONTGOMERY, ALABAMA 36130
334-242-7401

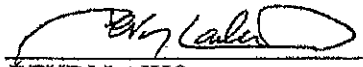
Luther Strange

Dated: Dec. 5, 2011

STATE OF CALIFORNIA
KAMALA D. HARRIS
Attorney General

Natalie S. Manzo
Supervising Deputy Attorney General
Office of the Attorney General
California State Bar No. 155655
300 South Spring Street, Suite 1702
Los Angeles, CA 90013
Telephone: 213-897-2707
Facsimile: 213-897-2801
Natalie.Manzo@doj.ca.gov

STATE OF COLORADO
JOHN W. SUTHERS
Attorney General



DEVIN LAIHO
Assistant Attorney General
Consumer Protection
Attorneys for the State of Colorado

1525 Sherman Street, 7th Floor
Denver, Colorado 80203
Voice: 303-866-5079
Email: devin.laiho@state.co.us

STATE OF CONNECTICUT
GEORGE JEPSEN
ATTORNEY GENERAL

BY:
GEORGE JEPSEN

Michael E. Cole
Chief, Antitrust Department
Christopher M. Haddad
Assistant Attorneys General
55 Elm Street, PO Box 120
Hartford, CT 06141-0120
Tel: (860)808-5040
Fax: (860)808-5033
michael.cole@ct.gov

THE DISTRICT OF COLUMBIA

IRVIN B. NATHAN
Attorney General for the District of Columbia

ELLEN S. EFROS
Deputy Attorney General
Public Interest Division

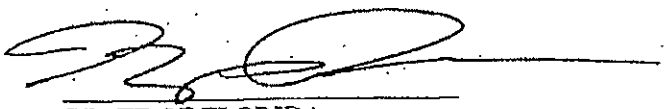
BENNETT RUSHKOFF
Chief, Public Advocacy Section

By: _____

CRAIG S. FARRINGER
Assistant Attorney General
Public Advocacy Section
Public Interest Division
Office of the Attorney General for the District of Columbia
441 4th Street, N.W., Suite 600S
Washington, DC 20001

November 30, 2011

Municipal Derivatives: Wachovia Bank N.A.



STATE OF FLORIDA
PAMELA JO BONDI
Attorney General
Patricia A. Conners
Associate Deputy Attorney General
Nicholas Weilhammer
Assistant Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050
Phone: (850) 414-3300

STATE OF IDAHO
LAWRENCE G. WASDEN
ATTORNEY GENERAL

By:

Brett T. DeLange (ISB No. 3628)
Deputy Attorney General
Consumer Protection Division
Office of the Attorney General
954 W. Jefferson St., 2nd Floor
P. O. Box 83720
Boise, Idaho 83720-0010
Telephone: (208) 334-4114
FAX: (208) 334-4151
brett.delange@ag.idaho.gov

Date: December 1, 2011

STATE OF ILLINOIS
LISA MADIGAN
Attorney General

By:

Robert Pratt
Assistant Attorney General
Office of the Illinois Attorney General
100 W. Randolph Chicago, IL 60601
Phone: (312) 814-3722
rpratt@atg.state.il.us

Date: December 5, 2011

STATE OF IOWA
Thomas J. Miller
Attorney General of Iowa

Layne M. Lindebak
Assistant Attorney General
Special Litigation Division
Iowa Department of Justice
Hoover Office Building-Second Floor
1305 East Walnut Street
Des Moines, Iowa 50319
Phone: 515 281-7054
Fax: 515 281-4902
Email: Layne.Lindebak@iowa.gov

STATE OF KANSAS
DEREK SCHMIDT
Attorney General

Lynette R. Bakker
Assistant Attorney General
Consumer Protection & Antitrust Division
120 S.W. 10th Avenue, 2nd Floor
Topeka, Kansas 66612-1597
Phone: (785) 286-2215
lynette.bakker@ksag.org

Date: 11/29/11

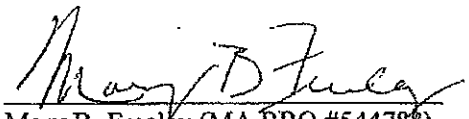
DOUGLAS F. GANSLER
MARYLAND ATTORNEY GENERAL

Ellen S. Cooper
Assistant Attorney General
Chief, Antitrust Division

John R. Tennis
Assistant Attorney General
Deputy Chief, Antitrust Division
Office of the Attorney General
200 St. Paul Place, 19th Floor
Baltimore, Maryland 21202
Tel. # (410) 576-6470
Fax # (410) 576-7830

COMMONWEALTH OF MASSACHUSETTS

MARTHA COAKLEY
Attorney General



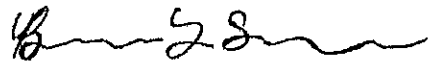
Mary B. Freeley (MA BBO #544788)
Aaron Lamb (MA BBO #661654)
Assistant Attorneys General
Office of the Attorney General
One Ashburton Place
Boston, MA 02108
Phone: (617) 727-2200

Commonwealth of Massachusetts signature page Wachovia settlement – December, 2011

STATE OF MICHIGAN
BILL SCHUETTE
Attorney General

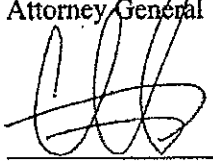
DJ Pascoe
Assistant Attorney General
Michigan Department of Attorney General
Corporate Oversight Division
Securities, Antitrust, and Business Section
G. Mennen Williams Building, 6th Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone: (517) 373-1160

STATE OF MISSOURI
CHRIS KOSTER
Attorney General



Brianna L. Lennon
Assistant Attorney General
Missouri Attorney General's Office
P.O. Box 899
Jefferson City, MO 65102
Phone : (573) 751-3376
Fax : (573) 751-2041
brianna.lennon@ago.mo.gov

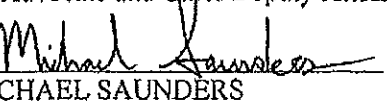
STATE OF MONTANA
STEVE BULLOCK
Attorney General



Chuck Munson
Assistant Attorney General
Office of Consumer Protection
215. N Sanders
Helena, MT 59620-1401
(406) 444-2026
(406) 444-3549 (FAX)
cmunson@mt.gov

STATE OF NEVADA
CATHERINE CORTEZ MASTO
Attorney General

ERIC WITKOSKI
Consumer Advocate and Chief Deputy Attorney General

By: 

MICHAEL SAUNDERS
Senior Deputy Attorney General
State of Nevada, Office of the Attorney General
Bureau of Consumer Protection
555 E. Washington Ave., Suite 3900
Las Vegas, Nevada 89101
Telephone: (702) 486-3793
Email: msaunders@ag.nv.gov

Date: November 30, 2011

STATE OF NEW JERSEY
PAULA T. DOW
Attorney General

Dated: Nov. 29, 2011

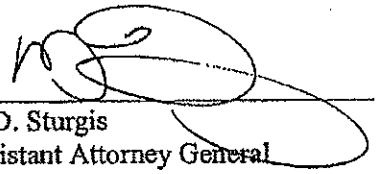
By: Brian F. McDonough
Assistant Attorney General
State of New Jersey, Office of the Attorney General
Department of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
Phone: 973-648-2500
Email: Brian.McDonough@dol.lps.state.nj.us

STATE OF NEW YORK
ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

Elinor R. Hoffmann
Assistant Attorney General

Office of the Attorney General
Antitrust Bureau
26th Floor, 120 Broadway
New York, NY 10271
Voice: (212) 416-8262
elinor.hoffmann@ag.ny.gov

ROY COOPER
Attorney General of North Carolina



By:_____
K. D. Sturgis
Assistant Attorney General
State Bar No. 9486
North Carolina Department of Justice
P.O. Box 629
Raleigh, NC 27602
Tel. 919/716.6011
ksturgis@ncdoj.gov

STATE OF OHIO
MICHAEL DEWINE
Attorney General

Doreen C. Johnson
Assistant Section Chief, Antitrust Section
Ohio Attorney General's Office
OSB No. 0024725
150 E. Gay St, 23rd Floor
Columbus, OH 43215
Telephone: (614) 466-4328
Email:doreen.johnson@ohioattorneygeneral.gov

State of Ohio's signature page to Settlement Among the Attorneys General of the States and Commonwealths Agreement and Wachovia

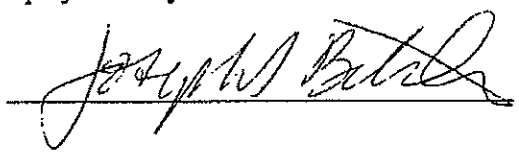
STATE OF OREGON
JOHN R. KROGER
Attorney General

11/25/11

TIM D. NORD
Senior Assistant Attorney General
Department of Justice
1162 Court Street NE
Salem, OR 97301-4096
Telephone: (503) 934-4400
Fax: (503) 378-5017
Email: tim.d.nord@doj.state.or.us

COMMONWEALTH OF PENNSYLVANIA
LINDA L. KELLY
ATTORNEY GENERAL

James A. Donahue, III
Chief Deputy Attorney General

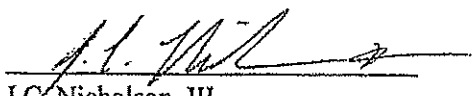
By: 

Joseph S. Betsko
Senior Deputy Attorney General

Office of Attorney General
Antitrust Section
14th Floor, Strawberry Square
Harrisburg, PA 17120

Voice: (717) 787-4530
Fax: (717) 787-1190

STATE OF SOUTH CAROLINA
ALAN WILSON
Attorney General



J.C. Nicholson, III
Assistant Attorney General
Office of South Carolina Attorney General
1000 Assembly Street
Rembert C. Dennis Bldg.
Post Office Box 11549
Columbia, South Carolina 29211
Telephone: 803-734-9916

Date

ROBERT E. COOPER, JR.
Attorney General and Reporter
State of Tennessee

VICTOR J. DOMEN, JR. (BPR#015803)
Senior Counsel
Tennessee Attorney General's Office
425 Fifth Avenue North
Nashville, TN 37202
Tel: (615) 253-3327
Fax: (615) 532-6951

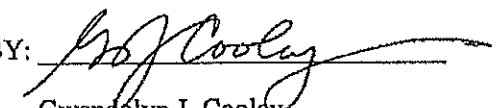
STATE OF TEXAS
GREG ABBOTT
Attorney General

Bret Fulkerson
Assistant Attorney General
Texas Attorney General's Office
Texas Bar. No. 24032209
300 W. 15th St.
Austin, TX 78701
Phone: (512) 463-4012
Bret.Fulkerson@oag.state.tx.us

November 28, 2011
Wachovia/Wells Fargo Settlement

The State of Wisconsin elects to participate in the settlement among the Attorneys General and Wachovia/Wells Fargo.

J.B. VAN HOLLEN
ATTORNEY GENERAL

BY: 

Gwendolyn J. Cooley
Assistant Attorney General
17 W. Main St
P.O. Box 7857
Madison, WI 53707-7857
(608) 261-5810
cooleygj@doj.state.wi.us

ATTACHMENT A

The following criteria shall be applied to determine whether a Municipal Bond Derivative is a Covered Derivative:

A. For Municipal Bond Derivatives that were awarded through a competitive bidding process:

   1. The Provider of the Municipal Bond Derivative is Wachovia;

   2. Wachovia and the counterparty entered into the Municipal Bond Derivative transaction between January 1, 1998 and December 31, 2004, inclusive; and

   3. The Municipal Bond Derivative has been identified by the Attorneys General as eligible.

B. Notwithstanding the eligibility criteria in Part A above, a Municipal Bond Derivative Counterparty is not eligible to receive payment under this Settlement Agreement with respect to any specific Covered Derivative for which it will receive a payment through the SEC or OCC Resolutions that is equal to or greater than the amount the Municipal Bond Derivative Counterparty would receive for each such Covered Derivative through this Settlement Agreement.

ATTACHMENT B

1. Within ten (10) business days of the Effective Date of this Agreement, the Attorneys General or their designated representative will select a claims administrator and submit a draft contract to Wachovia.

2. Wachovia shall have ten (10) business days after receipt of the draft contract to make any objections to the claims administrator and/or the contract. The Attorneys General or their designated representative shall consider in good faith those objections. However, any decision to approve a claims administrator and/or the contract, with the exception of any cost provisions, shall be the final decision of the Attorneys General. Wachovia must agree to the contract provisions concerning the cost of the claims administrator. The costs of the claims administrator shall be paid by Wachovia.

3. Within ten (10) business days of the Attorneys General's final approval of the claims administrator, the claims administrator shall provide to Wachovia and the Attorneys General or their designated representative drafts of the Notice Packet.

4. Within fourteen (14) business days of receipt of a draft of the Notice Packet, the Attorneys General or their designated representative shall identify all Eligible Counterparties and provide Wachovia and the claims administrator with: (a) the Eligible Counterparty's name and address if readily available; (b) the description of the Covered Derivative, including the notional amount; and (c) the amount of money the Eligible Counterparty is eligible to receive relating to the Covered Derivatives or the formula for determining such amount.

5. Within fourteen (14) business days of receipt of the list described in Paragraph 4, Wachovia will deliver to the Attorneys General or their designated representative and the claims administrator the most current available addresses of Eligible Counterparties. If, despite best efforts, Wachovia has been unable to identify an Eligible Counterparty's name and address within fourteen (14) business days of receipt of the list, Wachovia will so inform the claims administrator and the Attorneys General, who may extend this timeframe or amend the list described in Paragraph 4.

6. Within ten (10) business days of receipt of the draft Notice Packet from the claims administrator, the Attorneys General or their designated representative, in consultation with Wachovia, shall approve or amend its content and provide such amendments to the claims administrator.

7. Within thirty (30) days of receipt of the information set forth in the Paragraphs above, whichever is later, the claims administrator shall send a Notice Packet to each Eligible Counterparty by first-class mail, postage prepaid and by electronic delivery if addresses are available. For Additional Eligible Counterparties, the claims administrator must send the Notice Packet to each Additional Eligible Counterparty within seven (7) business days of receipt of the information set forth in Paragraphs 4 and 5 above, whichever is later, for any Additional Eligible Counterparty.

8. Eligible Counterparties or Additional Eligible Counterparties shall have forty-five (45) days from the date that notice of their eligibility was sent by first-class mail, postage pre-

paid, to request a distribution ("the Election Period"). However, the Attorneys General or their designated representative, in consultation with Wachovia, have discretion to approve payments to Eligible Counterparties or Additional Eligible Counterparties whose election to participate and release was not received in a timely manner.

9. The claims administrator shall provide Wachovia and the Attorneys General with weekly reports during the Election Period, which report(s) shall include, by state, a listing of the names of Eligible Counterparties and Additional Eligible Counterparties that have submitted valid Elections and Releases, and the names of Eligible Counterparties and Additional Eligible Counterparties that have not submitted valid Elections and Releases.

10. The Attorneys General or their designated representative shall provide the claims administrator and Wachovia with a template for the letters to accompany the payments made to Participating Counterparties prior to the end of the Election Period.

11. During the Election Period, the claims administrator shall issue a distribution report describing the Eligible Counterparties and Additional Eligible Counterparties that opted to participate and the amount of money to be distributed to each of them. In advance of directing Initial Payments be made, the claims administrator shall obtain approval of the report from the Attorneys General or their designated representative. The final distribution report shall be issued no later than fourteen (14) days after the end of the Election Period.

12. Within sixty (60) days after receipt of approval of the claims administrator's distribution report, the claims administrator shall make arrangements to make payments, accompanied by letter(s) provided by the Attorneys General, to the Participating Counterparties that have submitted a proper request and fully-executed release of their share of the Fund. These payments shall be sent in a manner to ensure that they reach the designated Participating Counterparties, either by wire transfer or by registered mail. The escrow agent, in conjunction with the claims administrator, shall make prompt payment in accordance with such instructions.

13. Wachovia and the Attorneys General may, by written agreement, alter any time period provided for herein to the extent necessary to carry out the purpose of affording all possible compensation to Eligible Counterparties and Additional Eligible Counterparties.

EXHIBIT 1

RELEASE BY PARTICIPATING COUNTERPARTIES

This release executed this _____day of _____, 20__, by the Releasor (as defined below) in favor of the Releasee (as defined below).

DEFINITIONS

A. "Releasor" shall mean _____ and any of its divisions, affiliates, subsidiaries, groups, associates, general or limited partners or partnerships, predecessors, successors or assigns, including, without limitation, any of their respective present officers, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of Releasor.

B. "Releasee" refers to Wachovia Bank, N.A., and all of its successors, predecessors, assigns, including, without limitation, Wells Fargo Bank, N.A., as successor by merger to Wachovia Bank, N.A., and their subsidiaries, divisions, groups, affiliates and partnerships, including without limitation, any of their respective past or current officers, directors, and employees (collectively, "Wachovia").

C. "Relevant Conduct" shall mean, except as provided below, Wachovia engaging in any of the following conduct from January 1, 1998 through December 31, 2006, whether by itself or in concert with other Providers or Brokers: (i) rigging bids or fixing the prices or other terms and conditions of any Municipal Bond Derivatives; (ii) agreeing not to bid for any Municipal Bond Derivatives; (iii) engaging in any other anticompetitive conduct relating to the marketing, sale, placement, modification or termination of any Municipal Bond Derivatives; and (iv) engaging in any deceptive, unfair or fraudulent conduct relating to Municipal Bond Derivatives that is described in paragraphs 1 - 35 of this Agreement (Allegations). Notwithstanding the forgoing, Relevant Conduct does not include conduct by any person other than Wachovia Bank, N.A. or its predecessors.

D. "Municipal Bond Derivatives" shall mean: (i) contracts involving the reinvestment of the proceeds of tax-exempt bond issues and Qualified Zone Academy Bonds, or bonds issued by or on behalf of any governmental or quasi-governmental or non-profit entity in the United States of America, including but not limited to, states, cities, towns, counties, villages, parishes, school districts, clubs or various economic development, redevelopment, financing, lottery, parking, housing, educational, medical, religious, public safety, building, water, sewer, hospital, transportation, public works, waste management, environmental, port, park, airport, telecommunications and power authorities, corporation or boards, including but not limited to forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured and unsecured guaranteed investment contracts; and (ii) transactions involving the management or transfer of the interest rate risk associated with the bonds or bond issues described above including, but not limited to, swaps, options, swaptions, caps, collars and floors. Notwithstanding the foregoing, Municipal Bond Derivatives does not include (i) contracts to underwrite the issuance of municipal bonds; (ii) credit default

products, such as credit default swaps and credit default options; (iii) auction-rate securities; (iv) inter-dealer swaps; (v) swaps, or other agreements between providers to hedge, manage or otherwise share or transfer their risk on a Municipal Bond Derivative except to the extent used to facilitate any improper undisclosed payments to brokers or the rigging of bids for the reinvestment or management of bond proceeds.

E. "Covered Derivatives" shall mean Municipal Bond Derivatives that meet the criteria set forth in Attachment A to the Settlement Agreement.

F. "Settlement Agreement" shall mean the Settlement Agreement between Wachovia and the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin, dated December 8, 2011.

G. "Effective Date" shall mean the Effective Date of the Settlement Agreement.

RELEASE

1. In consideration of the receipt by Releasor of $_____ relating to the [list of specific Covered Derivatives], payment of which is made by Wachovia in accordance with the terms of the Settlement Agreement, Releasor hereby releases Releasee from all civil claims, counterclaims, cross-claims, set-offs, causes of action of any type (whether common law, equitable, statutory, regulatory or administrative, class, individual or otherwise in nature, and whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured) demands, disputes, damages, restitution, whenever incurred, and liabilities (including joint and several) of any nature whatsoever, including without limitation, costs, fines, debts, expenses, penalties and attorneys fees, known or unknown, that it has against the Releasee arising from the Relevant Conduct in relation to the marketing, sale, placement, modification or termination of Municipal Bond Derivatives, including any claims that have been or could be asserted in (a) any action that has been transferred to the U.S. District Court for the Southern District of New York for coordination or consolidation in *In re Municipal Derivatives Antitrust Litigation,* MDL No. 1950, Master Docket No. 08-2516; (b) any action that is subsequently transferred to the U.S. District Court for the Southern District of New York for coordination or consolidation in *In re Municipal Derivatives Antitrust Litigation,* MDL No. 1950, Master Docket No. 08-2516; or (c) any other action wherever filed that asserts claims based on the Relevant Conduct.

2. In the event that the total payment referred to in Paragraph 1 is not made for any reason, then this Release shall be null and void, provided that any payments received by Releasor shall be credited to Releasee in connection with any claims that (i) Releasor may assert against Releasee; (ii) that are asserted against Releasee on behalf of Releasor by a class of which Releasor is a member; or (iii) that are asserted by any third party against Releasee as to which Releasee may assert a setoff under any applicable law.

3. The Releasor intends by this Release to settle with and release only Releasee and does not intend this Release, or any part hereof or any other aspect of the settlement or the releases, to extend to, to release or otherwise to affect in any way any rights that the Releasor has or may have against any other party or entity whatsoever, other than Releasee.

4. Releasor hereby waives the provisions of California Civil Code Section 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." This provision shall not be deemed to turn a specific release into a general release.

5. The Releasor represents and warrants that the released claims have not been sold, assigned or hypothecated, in whole or in part.

EXHIBIT 2

ELECTION BY ATTORNEY GENERAL TO PARTICIPATE IN SETTLEMENT WITH WACHOVIA.

The Attorney General of _____ hereby elects to participate in the Settlement Agreement Among the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin and Wachovia, dated December 8, 2011 (Settlement Agreement) as a Participating Attorney General.

ELECTION TO PARTICIPATE

EXHIBIT B

Wachovia Muni Bond Derivative Settlement
c/o GCG
Claims Administrator
P.O. Box 9860
Dublin, OH 43017-5760
(888) 230-2184

WMB

WMB0200018657

Claim No: 1000263

MIAMI-DADE COUNTY
EDWARD MARQUEZ, INTERIM DIR OF FINANCE
111 NW 1ST STREET
MIAMI, FL 33128 - 1930

ELECTION TO PARTICIPATE IN SETTLEMENT WITH WACHOVIA BANK

MIAMI-DADE COUNTY, hereby elects to participate in the Settlement Agreement Among the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, and Wisconsin and Wachovia Bank, N.A., dated December 8, 2011.

By signing below, I am confirming that: (1) I have authority to act on behalf of the Participating Counterparty; (2) the Participating Counterparty was the counterparty to each of the Covered Derivatives listed in the Release; and (3) the Participating Counterparty has not assigned, sold, or otherwise transferred its rights to any of the Covered Derivatives (or did not assign, sell, or transfer its rights prior to termination of any of the transactions).

Print or Type Name of Counterparty

Tax Identification Number

Counterparty Address

City, State and Zip

Signature

Date

Print Name of Person Signing

Title and Capacity of Person Signing

Phone Number

Email Address

RELEASE BY PARTICIPATING COUNTERPARTIES

EXHIBIT C

Wachovia Muni Bond Derivative Settlement
c/o GCG
Claims Administrator
P.O. Box 9860
Dublin, OH 43017-5760
(888) 230-2184

WMB

Claim No: 1000263

WMB0200018657

MIAMI-DADE COUNTY
EDWARD MARQUEZ, INTERIM DIR OF FINANCE
111 NW 1ST STREET
MIAMI, FL 33128 - 1930

RELEASE BY PARTICIPATING COUNTERPARTIES

This release executed this _____ day of _____, 20____, by the Releasor (as defined below) in favor of the Releasee (as defined below).

DEFINITIONS

A. "Releasor" shall mean MIAMI-DADE COUNTY and any of its divisions, affiliates, subsidiaries, groups, associates, general or limited partners or partnerships, predecessors, successors or assigns, including, without limitation, any of their respective present officers, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of Releasor.

B. "Releasee" refers to Wachovia Bank, N.A., and all of its successors, predecessors, assigns, including, without limitation, Wells Fargo Bank, N.A., as successor by merger to Wachovia Bank, N.A., and their subsidiaries, divisions, groups, affiliates and partnerships, including without limitation, any of their respective past or current officers, directors, and employees (collectively, "Wachovia").

C. "Relevant Conduct" shall mean, except as provided below, Wachovia engaging in any of the following conduct from January 1, 1998 through December 31, 2006, whether by itself or in concert with other Providers or Brokers: (i) rigging bids or fixing the prices or other terms and conditions of any Municipal Bond Derivatives; (ii) agreeing not to bid for any Municipal Bond Derivatives; (iii) engaging in any other anticompetitive conduct relating to the marketing, sale, placement, modification or termination of any Municipal Bond Derivatives; and (iv) engaging in any deceptive, unfair or fraudulent conduct relating to Municipal Bond Derivatives that is described in paragraphs 1 - 35 of the Settlement Agreement (Allegations). Notwithstanding the forgoing, Relevant Conduct does not include conduct by any person other than Wachovia Bank, N.A. or its predecessors.

D. "Municipal Bond Derivatives" shall mean: (i) contracts involving the reinvestment of the proceeds of tax-exempt bond issues and Qualified Zone Academy Bonds, or bonds issued by or on behalf of any governmental or quasi-governmental or non-profit entity in the United States of America, including but not limited to, states, cities, towns, counties, villages, parishes, school districts, clubs or various economic development, redevelopment, financing, lottery, parking, housing, educational, medical, religious, public safety, building, water, sewer, hospital, transportation, public works, waste management, environmental, port, park, airport, telecommunications and power authorities, corporation or boards, including but not limited to forward purchase, supply or delivery agreements, repurchase agreements, certificates of deposit, escrows and secured and unsecured guaranteed investment contracts; and (ii) transactions involving the management or transfer of the interest rate risk associated with the bonds or bond issues described above including, but not limited to, swaps, options, swaptions, caps, collars and floors. Notwithstanding the foregoing, Municipal Bond Derivatives does not include (i) contracts to underwrite the issuance of municipal bonds; (ii) credit default products, such as credit default swaps and credit default options; (iii) auction-rate securities; (iv) inter-dealer swaps; (v) swaps, or other agreements between providers to hedge, manage or otherwise share or transfer their risk on a Municipal Bond Derivative except to the extent used to facilitate any improper undisclosed payments to brokers or the rigging of bids for the reinvestment or management of bond proceeds.

E. "Covered Derivatives" shall mean Municipal Bond Derivatives that meet the criteria set forth in Attachment A to the Settlement Agreement.

F. "Settlement Agreement" shall mean the Settlement Agreement between Wachovia and the Attorneys General of the States and Commonwealths of Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas and Wisconsin, dated December 8, 2011.

G. "Effective Date" shall mean the Effective Date of the Settlement Agreement.

RELEASE

1. In consideration of the receipt by Releasor of **$1,025,925.11** relating to the **Receive Fixed Swap (approximate trade date 05/05/1998); Forward Purchase Agreement (approximate trade date 05/05/1998); Forward Purchase Agreement (approximate trade date 11/29/1999); Forward Purchase Agreement (approximate trade date 12/16/1999); Pay Fixed Swap (approximate trade date 12/17/1999); Pay Fixed Swap (approximate trade date 12/12/2000); Pay Fixed Swap (approximate trade date 12/13/2000)**, payment of which is made by Wachovia in accordance with the terms of the Settlement Agreement, Releasor hereby releases Releasee from all civil claims, counterclaims, cross-claims, set-offs, causes of action of any type (whether common law, equitable, statutory, regulatory or administrative, class, individual or otherwise in nature, and whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured) demands, disputes, damages, restitution, whenever incurred, and liabilities (including joint and several) of any nature whatsoever, including without limitation, costs, fines, debts, expenses, penalties and attorneys fees, known or unknown, that it has against the Releasee arising from the Relevant Conduct in relation to the marketing, sale, placement, modification or termination of Municipal Bond Derivatives, including any claims that have been or could be asserted in (a) any action that has been transferred to the U.S. District Court for the Southern District of New York for coordination or consolidation in *In re Municipal Derivatives Antitrust Litigation,* MDL No. 1950, Master Docket No. 08-2516; (b) any action that is subsequently transferred to the U.S. District Court for the Southern District of New York for coordination or consolidation in *In re Municipal Derivatives Antitrust Litigation,* MDL No. 1950, Master Docket No. 08-2516; or (c) any other action wherever filed that asserts claims based on the Relevant Conduct.

2. In the event that the total payment referred to in Paragraph 1 is not made for any reason, then this Release shall be null and void, provided that any payments received by Releasor shall be credited to Releasee in connection with any claims that (i) Releasor may assert against Releasee; (ii) that are asserted against Releasee on behalf of Releasor by a class of which Releasor is a member; or (iii) that are asserted by any third party against Releasee as to which Releasee may assert a setoff under any applicable law.

3. The Releasor intends by this Release to settle with and release only Releasee and does not intend this Release, or any part hereof or any other aspect of the settlement or the releases, to extend to, to release or otherwise to affect in any way any rights that the Releasor has or may have against any other party or entity whatsoever, other than Releasee.

4. Releasor hereby waives the provisions of California Civil Code Section 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." This provision shall not be deemed to turn a specific release into a general release.

5. The Releasor represents and warrants that the released claims have not been sold, assigned or hypothecated, in whole or in part.

Print or Type Name of Counterparty	Tax Identification Number
Counterparty Address	
City, State and Zip	
Signature	Date
Print Name of Person Signing	Title and Capacity of Person Signing
Phone Number	Email Address